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Are human deaths a coincidence?
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FINANCIAL TIMES

Europe's Business Newspaper — TUESDAY AUGUST 17 1993 — D8523A

Continental to cut 2,500 jobs and drop loss-making routes

Continental Airlines, fifth-largest US carrier, is to cut 2,500 jobs and get rid of several unprofitable routes, including those to Australia and New Zealand, after posting disappointing results for the two months following its emergence from Chapter 11 bankruptcy protection. Chief financial officer Daniel Garton blamed the company's tepid performance on continuing weakness in ticket prices. "Our results were in line with the rest of the industry but were still not good enough," he said. Page 15

Salomon shares boosted: Shares in US securities house and energy group Salomon rose sharply on news that Warren Buffett, who masterminded Salomon's recovery from the effects of the 1991 Treasury auction scandal, is raising his stake to at least 15 per cent. Page 15

Saab Automobile, Swedish car group jointly owned by General Motors of the US and Saab-Scania, reported a second-quarter loss after financial items of SKr423m ($51.8m), a 17 per cent improvement on the same period last year. Page 16

Lebanon reviews troop deployment: Lebanese and Syrian leaders met in Damascus after Syria voiced concern over the Beirut government's plans to deploy troops in the south of the country, recently subjected to a week-long bombardment by Israel. Page 4

Coffee prices to rise: Africa's coffee producers, bowing to pressure from Latin America, agreed to withhold 20 per cent of their production to push up world prices. Page 22

South Africa may seek customs change: The Southern African Customs Union – most successful of the region's economic structures – meets today amid indications that South Africa, the senior partner, wants to change the terms of its participation. Page 6

Abbey sells estate agency: UK home loans and banking group Abbey National announced the sale of its 347-branch Cornerstone estate agency chain for less than one-tenth of the price per outlet paid by many buyers in the late 1980s. Page 16; Lex, Page 14

Grand Metropolitan, UK-based food, drinks and retailing group, is to establish a joint venture in India to produce and market liquor. Page 6

Iran's president suffers setback: Iranian president Ali Akbar Rafsanjani suffered a serious defeat when parliament rejected the re-appointment of finance minister Mohsen Nourbakhsh, who was to handle radical economic reforms. Page 4

Toys 'R' Us, US toy retailer, raised second quarter net earnings by 8.5 per cent to $35.5m. Page 18

Paraguay's civilian leader takes over: Juan Carlos Wasmosy became Paraguay's first democratically-elected civilian president after Andrés Rodriguez surrendered power four years after toppling Gen Alfredo Stroessner. Page 3

Rights issue expected: Trading in the shares of Swedish bank Skandinaviska Enskilda Banken was heavy on expectations that the loss-making group will announce a rights issue and much improved results for the second quarter. Page 15

MBNA America Bank is to establish a £43m ($64m) European headquarters in Chester, England, which will create up to 800 jobs. It is the largest US investment in the UK for three years. Page 15

Retail sales growth continues: Retail sales in Britain rose in July for the seventh consecutive month, the Confederation of British Industry said. Page 7

US misses environment deadline: The US has missed its self-imposed deadline for producing a plan to curb emissions of "greenhouse" gases before the international global warming conference opened in Geneva yesterday. Page 3

Kenya robbers kill bus driver: Bandits hijacked a tourist bus near the Kenyan coastal resort of Malindi, killed the driver and drove the 50 passengers into the bush and robbed them.

Greek forests destroyed by fire: Police blamed arsonists for forest fires, fanned by strong winds, which destroyed tens of thousands of acres of pine forests throughout Greece.

Horses for courses: China has cracked down on the spread of golf courses and race courses as part of a campaign against frivolous real estate development. Page 14

■ STOCK MARKET INDICES

FT-SE 100	3008.3	(-1.8)
Yield	3.82	
FT-SE Eurotrack 100	1276.32	(+0.08)
FT-A All-Share	1496.35	(+0.0%)
Nikkei	20,901.49	(+156.32)
New York lunchtime:		
Dow Jones Ind Ave	3589.21	(+19.56)
S&P Composite	453.19	(+3.05)

■ US LUNCHTIME RATES

Federal Funds	3⅛%
3-mo Treas Bills Yld	3.074%
Long Bond	99[illegible]
Yield	6.311%

■ LONDON MONEY

3-mo Interbank	5 13/16%	(5⅞%)
Liffe long gilt future	Sep 113½	(Sep 113[illegible])

■ NORTH SEA OIL (Argus)

Brent 15-day	$17.05	(17.04)

■ Gold

New York Comex Dec	$376.4	(372.6)
London	$373.75	(368.75)

■ STERLING

New York lunchtime:		
$	1.482	
London:		
$	1.484	(1.4595)
DM	2.5025	(2.4975)
FFr	8.8875	(8.8375)
SFr	2.225	(2.2275)
Y	150.0	(149.25)
£ Index	80.3	(80.0)

■ DOLLAR

New York lunchtime:		
DM	1.69	
FFr	5.9785	
SFr	1.5015	
Y	101.2	
London:		
DM	1.6865	(1.7105)
FFr	5.975	(6.055)
SFr	1.4985	(1.5265)
Y	101.05	(102.2)
$ Index	65.3	(66.1)
Tokyo close Y 101.25		

Austria	Sch30	Germany	DM3.30	Malta	Lm0.60	S.Arabia	SR11
Bahrain	Din1.250	Greece	Dr300	Morocco	MDh13	Singapore	S$4.10
Belgium	BFr65	Hungary	Ft172	Neth	Fl 3.75	Slovak Rp	KSL45
Bulgaria	Lv25.00	Iceland	IKr215	Nigeria	Naira45	Slovenia	SLT220
Croatia	HRD5700	India	Rs40	Norway	NKr16.00	South Africa	R12.00
Cyprus	C£1.00	Israel	Shk5.90	Oman	OR1.50	Spain	Pta210
Czech Rp	CZK45	Italy	L2700	Pakistan	Rs35	Sweden	SKr15
Denmark	DKr15	Jordan	JD1.50	Philippines	Pso45	Switz	SFr3.20
Egypt	E£4.50	Kuwait	Fils.600	Poland	Zl 22,000	Syria	S£50.00
Finland	FM12	Lebanon	US$1.25	Portugal	Esc215	Tunisia	Din1.250
France	FFr9.00	Lux	LFr65	Qatar	QR12.00	Turkey	L8000
						UAE	Dh11.00

AT&T to buy McCaw for $12.4bn

Largest US telecoms company to unite with biggest cellular telephone operator

By Nikki Tait in New York

AMERICAN TELEPHONE & Telegraph announced plans yesterday for a full-scale merger with McCaw Cellular Communications in one of the US's biggest takeover deals, valued at $12.4bn.

The all-share merger will bind the largest long-distance telecommunications company in the US to the nation's biggest operator in the cellular telephone market.

The deal replaces an earlier scheme, announced in November, for AT&T to acquire a one-third interest in McCaw, based in Kirkland, Washington.

The proposed merger would be the largest in a series of multi-billion dollar transactions which have occurred within the fast-evolving telecommunications sector recently – including a $5.3bn tie-up between British Telecom and MCI, and US West's $2.5bn investment in Time Warner Entertainment.

The deal means that British Telecom, which had previously agreed to sell its 35.8m shares in McCaw – a 17 per cent stake – to AT&T for $1.75bn, will now receive an equivalent number of shares in AT&T instead, valued yesterday at $2.2bn.

BT said it still intended to sell its stake when the deal is completed.

In New York, AT&T and McCaw said that the merger agreement was an "outgrowth of discussions" which they held in the wake of the proposed share stake arrangement.

According to Mr Alex Mandl, chief executive of AT&T's communications services group, the companies came to recognise the drawbacks to partial ownership. "There was potential for not focusing in one direction, and a risk of not being fully effective in the marketplace," he said.

Mr Robert Allen, chairman of AT&T, also claimed that the full merger would be "a better financial deal for AT&T".

He said: "If we were right strategically and added value to McCaw [under the share stake arrangement], we'd have to pay for it later."

Nevertheless, McCaw – an entrepreneurial company which has grown quickly from humble beginnings over the past decade under its founder, Mr Craig McCaw – is currently loss-making, and carries long-term debt of $4.9bn.

As a result, AT&T expects to see earnings dilution of about 10 per cent in 1994, when the merger is likely to be completed, although it argues that there will be substantial enhancement in the long term.

When the proposed share stake arrangement was announced in November, the partnership was immediately seen as putting AT&T in direct competition with the regional Bell telephone companies for the first time since the Bell system was broken up by court order in 1984.

Apart from McCaw, the rapidly growing wireless communic-

Continued on Page 14

BIGGEST US TAKEOVER DEALS*

	Bidder	Target	Value ($)	Year
1	Kohlberg Kravis Roberts	RJR Nabisco	24.6bn	1988
2	Beecham Group	‡ SmithKline Beckman	16.1bn	1989
3	Chevron	Gulf	13.2bn	1984
4	Philip Morris	Kraft	13.1bn	1988
5	AT&T	McCaw Cellular	12.6bn	1993
6	Bristol-Myers	Squibb	12.0bn	1989
7	Time	Warner Communications	11.7bn	1989
8	Texaco	Getty Oil	10.1bn	1984
9	Du Pont	Conoco	8.0bn	1981
10	British Petroleum	ɸ Standard Oil	7.9bn	1987

*Nominal values, not adjusted for inflation. ‡Merger ɸ45% minority Source: Mergerstat Review

Japanese business seeks aid to halt yen's rise

By Gordon Cramb in Tokyo and James Blitz in London

JAPANESE business leaders yesterday called on the country's new government to seek concerted international intervention to stop the yen's rise against the dollar. They fear the yen's strength is threatening hopes of economic recovery in Japan.

The yen yesterday broke through Y101 to the dollar for the first time in London trading.

After closing in Tokyo at Y101.25, the currency reached a new postwar high of Y100.60 in European trading. It drifted back towards the close in London, finishing at Y101.05, but there was speculation the currency would break through the Y100 level this week.

Mr Gaishi Hiraiwa, chairman of the Keidanren, Japan's main business grouping, said the government should ask other economic powers to carry out concerted intervention in foreign exchange markets.

Mr Hirohisa Fujii, who became finance minister in the coalition government formed last week, agreed that the rise was "too rapid" and said he was consulting with other leading nations.

Central banks from Japan's Group of Seven partners have shown no inclination to join the Bank of Japan in attempting to hold back the gains in the yen. The country's trade surplus is seen in the West as too high to warrant doing anything to assist Japanese export competitiveness.

But as Mr Tadahiro Sekimoto, president of NEC, the electronics manufacturer, noted in a television interview last night, the long-lasting economic slowdown at home leaves industry few options but to pare costs where possible and redirect output to products sought abroad.

Industrialists were encouraged yesterday by an upward revision in industrial production data for June, although these came before the yen gained its latest head of steam. The seasonally adjusted rise in output from May was put at 1.9 per cent compared with an earlier estimate of 1.3 per cent. On an unadjusted basis output was down 4.6 per cent against June 1992, but better than the 5.1 per cent fall initially indicated.

The ratio of inventories to sales was 1.1 per cent lower month-on-month, against the original 1.2 per cent. The Ministry of International Trade and Industry said destocking was in its final stage but it was too early to regard the process as completed.

Depressed consumer demand was again evident in figures for July department store sales in the capital. These were down 9.5 per cent from a year earlier for a 17th successive fall.

Currencies, Page 30
Opportunity knocks for the Japanese, Page 13

US sailors jog among the jet fighters aboard aircraft carrier Theodore Roosevelt, on alert in the Adriatic sea for any Nato strike against the Bosnian Serbs Talks resume with warning, Page 14 Associated Press

Germany urged ERM nations to delay rate cuts

By Peter Norman, Economics Editor, in London

GERMANY asked its European Community partners not to cut interest rates precipitately when the rules of the European exchange rate mechanism were changed this month, possibly explaining why interest rates in ERM countries have hardly fallen since the currency crisis.

According to details that emerged yesterday, Mr Hans Tietmeyer, the Bundesbank vice-president and president designate, made the request in the early hours of Monday, August 2 after the EC's finance ministers and central bank governors agreed to widen the ERM fluctuation margins to 15 per cent.

Mr Tietmeyer's request, which one European monetary official described yesterday as a recommendation to the ERM crisis meeting in Brussels, provides one reason for the failure of interest rates to fall rapidly among Germany's ERM partners from the high levels established to protect the "old ERM" with its 2.25 per cent and 6 per cent fluctuation margins from currency speculation.

With the exception of Spain, the ERM countries have shown no hurry to exploit the wider fluctuation bands and cut short-term interest rate.

Further details of the early August crisis meeting to emerge appeared to put an end to speculation that Germany and France might forge ahead with an economic and monetary union of ERM "core countries" ahead of the Maastricht treaty timetable which envisages European monetary union towards the end of this decade.

When a Portuguese delegate suggested that the two logical solutions to the ERM crisis were suspension of the system or immediate monetary union of the French franc and the D-Mark, Mr Gert Haller, the newly appointed state secretary in the German finance ministry, said he hoped the proposal of immediate Franco-German monetary union was meant "as a joke".

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☐ EC interest rates puzzle
☐ Franc dips as interest rates are kept up

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Rexrodt calls for lower coal subsidy

By Judy Dempsey in Berlin

MR Günter Rexrodt, Germany's economics minister, yesterday took aim at monopolies and highly subsidised industries such as coal by calling for faster privatisation and greater competition.

He said no sector would be spared in his campaign for greater flexibility and competitiveness in the economy. A key element would be the reduction of subsidies in all sectors over the next five years and the privatisation of a broad range of state companies.

In a hard-hitting paper presented to his Free Democratic Party, the junior partner in the Bonn coalition, Mr Rexrodt said the politically sensitive coal industry should be included in the reforms.

Direct federal subsidies to the western states, excluding federal tax concessions and soft loans, totalled DM13.5bn ($7.8bn) in 1992, or 1.3 per cent of gross domestic product. Nearly half the subsidies have been earmarked for supporting agriculture and the coal industry, the latter accounting for 19 per cent of western Germany's total energy consumption. In 1990, coal mining subsidies amounted to DM80,500 per employee, or 1.8 times the average yearly income of a blue-collar worker.

A reform of the coal industry would be particularly welcomed by western German consumers. The sector's price structure was mapped out in a 1980 agreement between the coal and electricity industries. The agreement stipulated the amount of domestic coal the utilities undertook to burn for the remainder of the century.

But because of high production costs, the electricity companies pay about DM280 per ton, compared with world prices of DM80. To compensate for the high cost of coal, the electricity utilities collect the Kohlepfennig, a levy from the consumer. This explains why German electricity is among the most expensive in the European Community.

The FDP paper was jointly put forward with Mr Klaus Kinkel, the foreign minister and head of the party.

An FDP spokeswoman said Mr Rexrodt wanted to present the paper on creating more competition when parliament resumes after the summer recess.

By singling out reductions in subsidies and the faster privatisation or deregulation of the public sector, economists said that Mr Rexrodt was challenging structures which helped maintain high costs for the consumer, as well as wage levels.

Germany's capacity utilisation stabilises, Page 2

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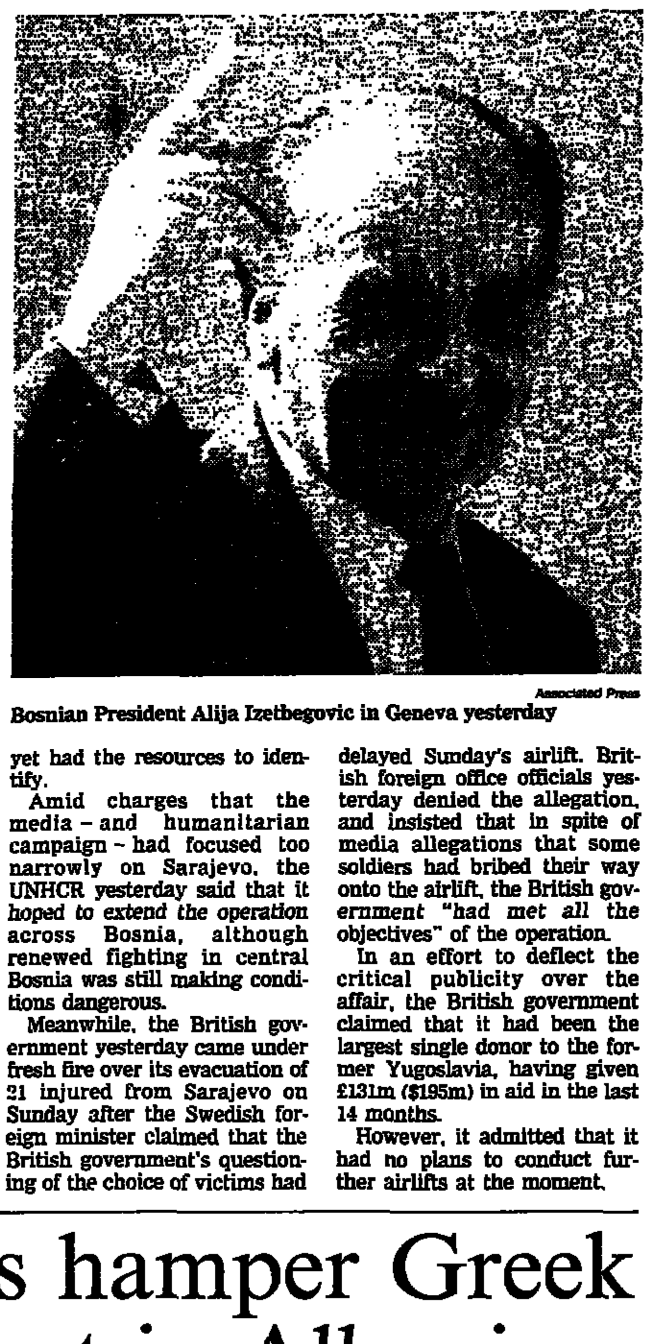
Italian offer boosts Bosnia airlift effort

By Gillian Tett



Associated Press

Bosnian President Alija Izetbegovic in Geneva yesterday

ITALY yesterday became the latest country to join the international scramble to evacuate the wounded war victims of Sarajevo when it offered to provide 454 hospital beds for the seriously injured patients – the largest offer to date.

But as the diplomatic wrangling continued over the airlifts, which some UN officials have criticised as a publicity stunt, the United Nations High Commissioner for Refugees (UNHCR) indicated that it now had more offers of beds than it had patients awaiting evacuation.

More than 700 beds have now been offered by more than a dozen governments in recent days, including Britain, Ireland, France, Jordan, Turkey, Finland, Kuwait and the US, following the emotional press coverage of the case of Irma Hadzimuratovic, a five-year-old mortar victim from Sarajevo.

Ms Sylvana Foa, spokeswoman for the UNHCR, yesterday welcomed the flood of offers, which she said marked a turnabout in attitudes, after 16 months of indifference from western countries.

However, Mr Manuel de Almeida, UNHCR spokesman in Zagreb, stressed that more aid was needed across the former Yugoslavia.

Until last week, the UNHCR staff had only been identifying some 25 patients a week for evacuation in Sarajevo, Mr de Almeida said.

However, he pointed out that there are others lying injured at home in the city, which the UNHCR staff – who are already badly overstretched – have not yet had the resources to identify.

Amid charges that the media – and humanitarian campaign – had focused too narrowly on Sarajevo, the UNHCR yesterday said that it hoped to extend the operation across Bosnia, although renewed fighting in central Bosnia was still making conditions dangerous.

Meanwhile, the British government yesterday came under fresh fire over its evacuation of 21 injured from Sarajevo on Sunday after the Swedish foreign minister claimed that the British government's questioning of the choice of victims had delayed Sunday's airlift. British foreign office officials yesterday denied the allegation, and insisted that in spite of media allegations that some soldiers had bribed their way onto the airlift, the British government "had met all the objectives" of the operation.

In an effort to deflect the critical publicity over the affair, the British government claimed that it had been the largest single donor to the former Yugoslavia, having given £131m ($195m) in aid in the last 14 months.

However, it admitted that it had no plans to conduct further airlifts at the moment.

Germany's capacity utilisation stabilises

By Christopher Parkes in Frankfurt

CAPACITY utilisation in western German industry has stabilised after more than two years of decline, the Munich-based Ifo economic research institute reported yesterday.

Manufacturing and mining equipment, excluding food and drink, was working at 78.3 per cent of capacity during June, barely changed from 78.6 per cent in March.

The average volume of outstanding orders, sufficient for 2.5 months, was also unchanged over the three-month period. The figures add weight to other recent evidence that the recession may have reached its low point.

However, most of the companies surveyed suggested utilisation rates would remain unsatisfactory at least for the next 12 months.

They are still well below the 10-year average rate of around 85 per cent, and the peak of almost 90 per cent recorded in the third quarter of 1990.

The Ifo survey showed that conditions in some important industrial sectors were continuing to deteriorate. Utilisation rates among investment goods makers were 75.7 per cent in June compared with 76.6 per cent three months earlier. The figures for consumer non-durables makers also fell from 85.9 per cent to 84 per cent.

Why Germany pushed at an open door on monetary policy

EC interest rates puzzle

By Peter Norman, Economics Editor

THE reluctance of Germany's partners in the European exchange rate mechanism to cut their interest rates has caused considerable puzzlement in the two weeks since currency speculation forced the ERM countries to adopt 15 per cent fluctuation margins.

Part of the answer appears to be that Germany specifically asked other ERM countries not to push interest rates down precipitately after agreeing the changes in the ERM at the August 1-2 crisis meeting of EC finance ministers and central bank governors in Brussels.

Hitherto unreported details of that meeting may also provide clues as to how European Community countries will frame their international monetary policies in the months ahead. In particular:

■ Britain, in the person of Mr Kenneth Clarke, the chancellor of the exchequer, spoke in favour of retaining the ERM, rather than seeing the European Community adopt a generalised floating of currencies.

■ Belgium came nearest to supporting exchange controls to combat speculation.

■ Germany appears to have ruled out any "fast track" monetary union with France ahead of the Maastricht Treaty schedule for Emu.

According to European monetary officials, it was at the end of the bruising negotiations over the future of the ERM that Mr Hans Tietmeyer, the Bundesbank vice-president and president-designate, "recommended" that other ERM countries should exercise caution in cutting interest rates once they had agreed to wider fluctuation bands.

Some of those present in the early hours of Monday August 2 expected the other members of the ERM would pay little attention to his call. The move appeared designed to shield the Bundesbank from pressure to cut its own rates sharply and so undermine its counter-inflation programme.

Bonn received support for its policy during the ERM crisis from an unlikely quarter, the UK chancellor Kenneth Clarke, who opposed a generalised floating of currencies

But it turned out that Germany was pushing on an open door. Except for Spain, all the ERM countries have proved reluctant to cut their interest rates. France, which earlier this year had been anxious to push short-term rates below German levels, has responded with only two small cuts in the past two weeks.

The decision to keep the Dutch guilder within its old 2.25 per cent fluctuation margins against the D-Mark seems to have dissuaded other ERM countries from embarking on competitive devaluation within the ERM.

France appears also to have opted to keep interest rates high for the time being to rebuild its currency reserves and maintain the prestige of Mr Edouard Balladur, the prime minister, who earlier had threatened to resign rather than see the franc devalued.

Germany may also have benefited from its display of strength in the early August crisis meeting, which came close to collapse when it was proposed that the D-Mark and guilder should be floated off from the rest of the ERM.

Belgium insisted that it should stay within the old 2.25 per cent band against the D-Mark. It proposed that the Belgian franc should be supported by large-scale intervention and through the imposition of 100 per cent minimum reserve requirements to deter speculation. This suggestion, which would be equivalent to the imposition of exchange controls, was rejected by the other countries with the result that the meeting began to consider the option of a generalised float for the ERM currencies.

Some officials believe that at this point the German delegation came under intense pressure from the office of Mr Helmut Kohl, the German chancellor, not to accept a generalised floating. Bonn received support from an unlikely quarter.

Mr Kenneth Clarke, the UK chancellor, who had played a very small part in the talks, sided with Mr Henning Christophersen, the EC commissioner for monetary affairs, in saying that a generalised float was a bad solution. Shortly after this, the meeting agreed to 15 per cent fluctuation margins.

Although the UK had not participated in the ERM since the previous September, Mr Clarke was unwilling to see a free-for-all among European currencies that would undermine the competitiveness of UK exports to the rest of the EC. The UK also took the view that a generalised float would jeopardise the EC single market and threaten the monetary arrangements under the common agricultural policy while the existence of the ERM had eased the management of sterling as a floating currency over the previous 10 months.

Mr Clarke's stance may earn him little support among the Eurosceptics of the British Conservative party.

But they can probably take comfort from Germany's clear rejection of a "fast track" move to monetary union with France.

When this idea was put forward by a Portuguese delegate as one way out of the crisis, it was dismissed as a "joke" by Mr Gert Haller, the state secretary in the Bonn Finance Ministry.

Tensions hamper Greek investment in Albania

By Kerin Hope

OUTSIDE the Gjirokaster tannery in southern Albania's north Epirus region, local farmers are disputing the offering price for sheep hides. Inside, Greek technicians are installing an automated production line for making shoes.

Mr Spiros Lilis, the deputy manager, says a year-long delay in starting up the Dr2.5bn ($10m) joint venture between a leading Greek leather manufacturer and the Albanian state, the country's largest single foreign investment to date, is due more to bureaucracy than to political tensions between Greece and Albania.

"It took months to work out an exemption from the 30 per cent import tax on new machinery, on the grounds that we'll be exporting most of our output," he said. "But we demonstrated our commitment to the project by paying the workforce during that time."

Close to the tannery, three joint ventures making clothes for export occupy what was a state-owned textile factory. The 1,200 workers employed there earn $60 a month, double the average Albanian wage but only a fraction of that in Greece.

"Our Irish partner provided the sewing machines, the Greek partner sends ready-cut fabric for sewing and the French partner organises the marketing," said Mr Konstandin Çaro of Gjirotext, the largest manufacturer.

Still, the revived dispute between the Greek and Albanian governments over the region, where much of the population is of ethnic Greek descent, is damaging its chances of leading Albania out of dire poverty with a steady flow of Greek investment.

Albania's expulsion last month of a Greek priest accused of promoting nationalism provoked violent demonstrations in Gjirokaster. Greece responded by deporting more than 30,000 of an estimated 200,000 Albanian immigrants who mainly work in the flourishing black economy.

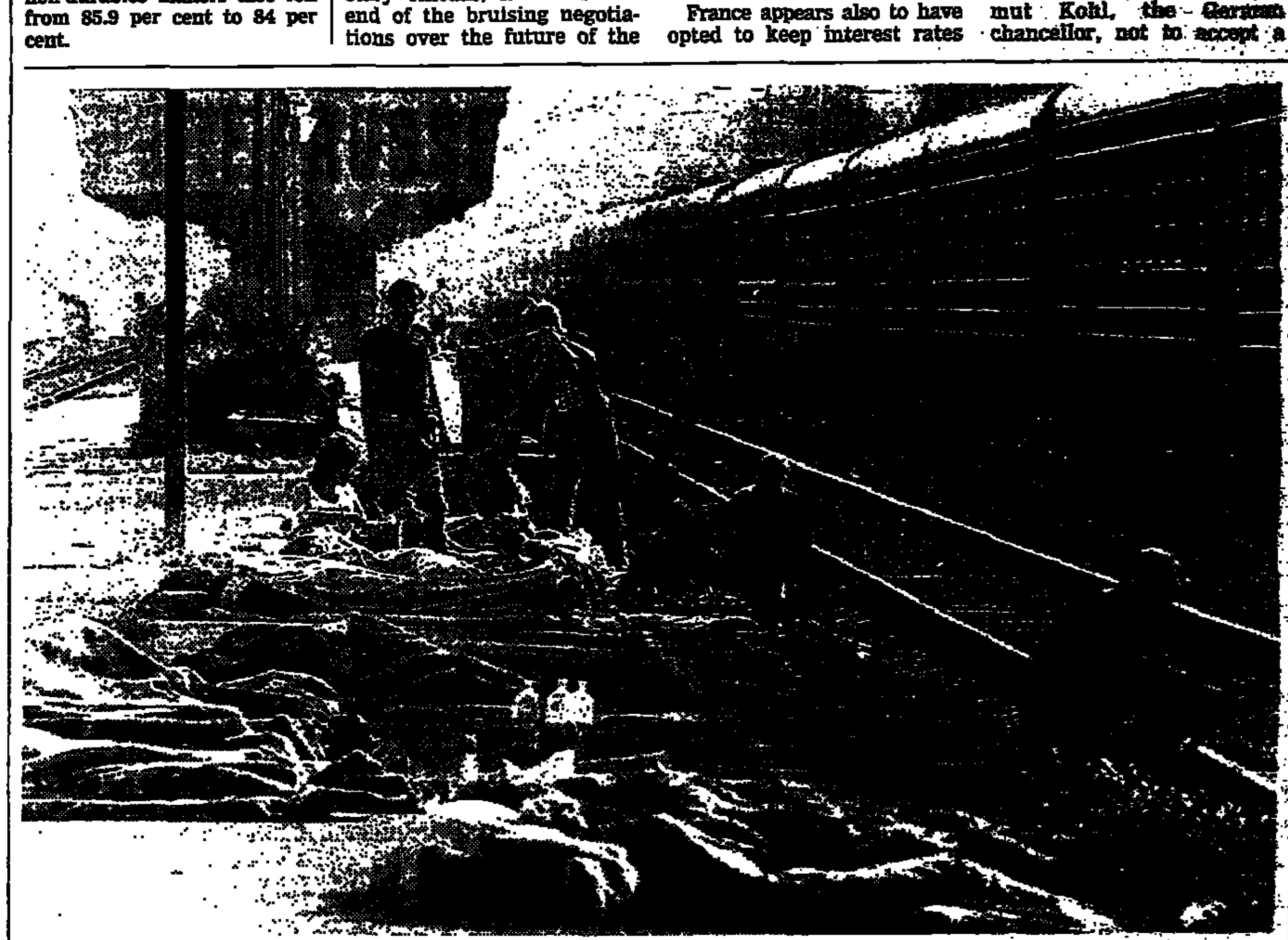
Albanian fears that Greece still covets the region, where Greek troops set up a short-lived protectorate in 1914, have been rekindled, reflecting both the emergence of a strong nationalist faction in Greece's governing conservative party and concern that the war in Bosnia may spread to the southern Balkans.

Such anxieties were heightened when Mr Constantine Mitsotakis, the Greek prime minister, recently raised the issue of autonomy for north Epirus within Albania.

The Greeks worry that the Albanian government, growing authoritarian, will step up discrimination against the ethnic Greek minority. Its leaders have already claimed they face obstacles in getting permission for Greek to be taught in schools, as well as in bidding for property and businesses being sold under Albania's privatisation programme.

"Greek businessmen are definitely more hesitant about investing in southern Albania because of the worsened political climate," says Mr Yiannis Tzen, who is in charge of the Greek Economy Ministry's programme for investing there.

About 70 Greek-Albanian joint ventures have been set up since Greece's investment incentives law was extended last year to include southern Albania, creating about 12,000 jobs there, according to the ministry. So far this year, the government has provided $1.1bn in grants for 35 projects.



Reuter

Russian travellers sleeping on a railway platform in northern Bulgaria after being stranded by a six-day train strike in Romania

ROMANIAN PRESIDENT IN TALKS TO END RAIL STRIKE

MR Ion Iliescu, Romania's president, last night began talks with trade union officials and the SNCFR, the state railways, in an attempt to break the deadlock in the country's rail strike which began a week ago, writes Virginia Marsh in Bucharest.

Opposition parties asked the president to mediate between the two sides, warning of the grave dangers the conflict posed to an already tense country.

The all-out strike, considered Romania's most serious post-communist labour conflict, has blocked all main railway stations as well as international traffic through the Balkans. Among the few services running yesterday were a handful of trains bringing children back from their summer holidays.

Government officials also met to analyse the effects of the strike and consider emergency action after state enterprises, including two large steel mills, said they had begun to run short of raw materials.

Franc dips amid market suspicions

By John Ridding in Paris

THE French franc remained weak on foreign exchange markets yesterday, amid investor fears that the Bank of France would keep interest rates high and that the French government was considering imposing limits on capital movements.

The franc fell almost a centime against the D-Mark to close at FFr3.5440.

It has now lost more than 10 centimes against the German currency since the franc was effectively floated at the beginning of the month following the crisis in the European exchange rate mechanism.

Most currency analysts said they expected the franc would fall to about FFr3.60 to the D-Mark over coming weeks as the Bank of France maintained high interest rates to help rebuild its reserves.

"The markets are impatient for interest rate cuts," said one economist in London. "They believe that maintaining high borrowing rates will prolong the recession in France." Investors also expressed anxiety about hints from Paris that it wants to impose capital controls as a means of protecting the franc.

Last week Mr Edouard Balladur, the prime minister, said France would not tolerate a situation where speculators could threaten economic security and that he was considering ways to curb speculation.

Economists stressed the difficulties involved in such a move. "It is unlikely at the unilateral level and it would be hard to get agreement at an EC level for such a move," said Mr Jean-François Mercier, economist at Salomon Brothers. He argues that limits on capital movements would drive capital from France, weakening the franc and putting upward pressure on interest rates.

Slovakia minority alters line of protest

ETHNIC Hungarians in southern Slovakia, who blocked traffic last week in protest over a ban on bilingual road signs, erected signs on Monday with large question marks replacing the name of their village, Reuter reports from Bratislava.

Villagers in Marcelova replaced signs bearing its Hungarian name, Marcelhaza, with signs featuring giant question marks "as another form of protest", Mr Laszlo Sooky, the Marcelova mayor, said.

The dispute is the latest in a string of minority rights squabbles between Slovakia's ethnic Hungarians, numbering about 600,000, and the Slovak government.

The villagers are angry at a government order giving towns until the end of July to take down bilingual road signs.

Mr Sooky said the question-marks would remain until parliament reconvened in September and debated the issue.

Last month, the Slovak cabinet approve a bill legalising the official use of Hungarian first and family names.

Kiev moves to resolve its nuclear limbo

Fears grow that Ukraine will soon be able to fire the weapons on its territory, writes Chrystia Freeland

THE US and other western countries are watching Ukraine anxiously to see whether Russia's sister Slav state will soon be a formidable nuclear power.

Ukraine inhabits a sort of nuclear limbo. Such a large chunk of the former Soviet nuclear arsenal – 1,656 nuclear war-heads – is stationed on Ukrainian territory that if Kiev were to develop operational control over all of them it would be the third most powerful nuclear nation behind the US and Russia.

Western fears – and Russian ones – grew last month, when the Ukrainian parliament declared that independent Ukraine owned all the nuclear weapons stationed on its territory.

However, as General Pavel Grachev, the Russian minister of defence pointed out last week, all nuclear weapons stationed in Ukraine are under the operational control of Russia.

The question troubling western foreign ministries is: should Ukraine want "operational control" over those weapons (meaning the ability to fire them), how easy would it be for Kiev to develop it?

The Ukrainian parliament has hesitated over ratifying international disarmament treaties which would commit Ukraine to becoming a non-nuclear state. President Leonid Kravchuk has said that he favours a compromise agreement in which Ukraine would pledge eventually to become a non-nuclear power but would temporarily keep some Inter-Continental Ballistic Missiles on its territory.

"The Ukrainians are hedging their bets on the nuclear question because they want some time in which they can keep their eyes on the Russians," says Mr Bruce Blair, a senior fellow at the Brookings Institution and one of the leading American experts on Soviet nuclear weapons.

Ukrainian scientists, engineers and military men played a crucial role in the building of the former Soviet Union's vast nuclear arsenal, and according to Mr Blair, there is no doubt that if they put their minds to it, they could develop independent nuclear capacity.

Mr Markian Bilinsky, a British academic working at a Ukrainian research institute, goes further. "The Ukrainians are moving closer to obtaining operational control. I cannot believe that there is not some institute in Ukraine which is working on breaking the codes for the missiles," he says.

This spring, American and Russian intelligence sources leaked their fears that Ukraine had begun to try to develop control over the 1,656 strategic nuclear weapons currently under Russian control, but located on Ukrainian territory. Their worries centred on the factory in the eastern Ukrainian city of Kharkov.

This closely guarded enterprise, which officially bears the innocuous title T.S. Shevchenko Factory in honour of Ukraine's national poet, is one of only two plants in the former Soviet Union which manufactured blocking devices for ICBMs.

Ukraine has a legitimate reason for building blocking devices of its own: Moscow's breach of its promise to provide Kiev with technical "negative control" – the physical ability to veto the use of the nuclear weapons on its territory.

However, as Mr Blair explained in testimony before a Senate committee, "the devices unfortunately do more than just block unauthorised launches; they are also integral to the launch process. If Ukraine replaced the current devices with their own they would be able to activate the flight plans on the missiles and fire them."

However, any tampering with the weapons would be immediately detected by Moscow. Russian Strategic Rocket Force commanders could then respond in a number of ways, ranging from employing various built-in safety devices which would temporarily de-activate the missiles, to a pre-emptive military strike.

The missiles most suited to Ukraine's defence needs are the 130 SS-19s stationed in Ukraine. The SS-19s have been routinely tested at a little more than 600 miles, their minimum distance, and, as it happens, the distance between Ukrainian airfields and Moscow.

Moreover, as Mr Yakov Eisenberg, director of the Khartron weapons systems factory in eastern Ukraine proudly confirms, the guidance system for the SS-19s were entirely designed and are maintained by his scientists.

However, acquiring control over the SS-19s could be of dubious value for Ukraine because 18 months ago Russia stopped maintaining the tritium in their war-heads. Mr Blair reckons that some of the missiles could be as much as three years overdue for maintenance and, consequently, might not go off if they were fired.

In addition to the SS-19s, there are 46 SS-24s located on Ukrainian territory. However, controlling the SS-24s, whose shortest range in test history is 1,700 miles, would not enable Ukraine to threaten European Russia, which Ukraine perceives as the source of its most serious security threat.

Ukraine also possesses 30 strategic bombers, stationed at the Uzin air-base, just south of Kiev, and believed to carry a total of 416 bombs, including cruise missiles. Western diplomats in the former Soviet Union think these bombers, more modest in their capacity to wreak mass destruction, could represent Ukraine's quickest and most effective route to nuclear capacity.

In contrast with the ICBMs, which, despite the Ukrainian ministry of defence's best efforts, are still guarded by soldiers loyal to Moscow, the bomber pilots publicly took an oath of allegiance to Kiev early in Ukraine's drive for independence.

However, as Mr Blair points out, the bombs are stored separately from the bombers and he believes that the officers commanding that base, though not the soldiers, are still loyal to Moscow.

In a guarded room in one of Kharkov's sophisticated design bureaus, Ukrainian scientists may well be investigating these technical avenues. But whether they actually use their skills will be determined by the Ukrainian government and its anxious relationship with Russia.

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President defends plan for employer-funded insurance

Clinton comes out fighting on healthcare

By George Graham in Washington

PRESIDENT Bill Clinton yesterday started his campaign for sweeping reform of the US healthcare system with a strong defence of the need for employers to provide health insurance for workers.

Mr Clinton told a meeting of state governors that a mandate stipulating employers provide insurance was the only fair way of making sure everyone received medical coverage.

The employer mandate is expected to be one of the most controversial elements in the healthcare debate. It is hotly opposed by small businesses and by many Republicans, who believe it will force companies to lay off workers to avoid additional cost.

Although the health reform plan will not be formally presented until next month, Mr Clinton outlined a number of principles.

The plan must provide medical security not only to those who now have no insurance, but also to those who are afraid of losing coverage. It should build on the "managed care" concept, maintaining the private-sector health insurance industry but setting up alliances in each state to negotiate for cheaper healthcare and providing new incentives for preventive medicine.

Mr Clinton also backed insurance reform, massive cuts in paperwork, increases in medical research budgets and an effort to include the workers' compensation system, which covers job-related injuries and illnesses.

One significant proposal would be for the cost of health insurance policies for the self-employed to be 100 per cent tax deductible, instead of 25 per cent as at present.

But Mr Clinton's strongest appeal was over the employer mandate.

A single, government system, similar to Canada's, was impractical as it would involve replacing \$500bn (£335bn) in health insurance premiums with nearly as much in new taxes, besides dislocating the health insurance industry.

An individual mandate, in which everyone would be required to purchase his or her own insurance coverage, ran the risk of employers stopping insurance for their workers. Simply reforming the healthcare system and trusting that everybody would then buy insurance would not solve the cost-shifting problem.

Mr Clinton promised an employer mandate would be phased in over a long period and accompanied by limits on the premiums small businesses would pay.

He warned it would not be easy to win passage for healthcare reform legislation, and criticised the politics of Washington.

"Back east, where I work, consensus is often turned into cave-in. People who try to work together and listen to one another, instead of beat each other up, are accused of being weak, not strong," Mr Clinton complained.

"The people that really score are the people that lay one good lick on you in the newspaper every day instead of the people that get up and go to work."

MODEST US GROWTH

THE US economy is growing at a modest pace, figures indicated yesterday, writes Michael Prowse in Washington. The Federal Reserve said industrial production rose 0.4 per cent last month and 3.5 per cent in the year to July, more than recouping small declines in output in May and June.

The figures – consistent with forecasts of accelerated economic growth in the current quarter, after a disappointing 1.6 per cent annual growth rate between April and June – indicate that factory production is beginning to expand in response to rising consumer demand.

Last month's rebound was broadly based and would have been stronger but for a further modest decline in car and truck output. The consumer goods, business equipment and construction sectors all registered production increases after previous declines.

Manufacturing output rose by 0.2 per cent last month and by 3.8 per cent in the year to July.

The level of industrial capacity utilisation rose slightly to 81.5 per cent, the average level in the first half. This is less than half a percentage point below the long-term average, suggesting that rapid increases in production would put upward pressure on prices.

Greenhouse gas deadline missed

By George Graham in Washington and Frances Williams in Geneva

THE US administration has missed its self-imposed deadline for producing a plan to curb emissions of gases that contribute to global warming.

Instead of completing the plan in time for the two-week international global warming conference which began in Geneva yesterday, White House officials acknowledged they would probably not be ready before the end of next month.

The delay means the US has missed an opportunity to provide leadership on the issue at the intergovernmental meeting, and has drawn criticism from some environmental groups.

"Continued delay of the US climate action plan will send the wrong message to the world," said Mr Bill Eichbaum, of the Worldwide Fund for Nature.

Under the climate change convention agreed at the Earth Summit in Rio de Janeiro last year, countries will be required to come up with action plans to restrain their emissions of warming gases – principally carbon dioxide, chlorofluorocarbons, methane and nitrous oxides – to their 1990 level by the year 2000.

The US is the world's largest source of greenhouse gases, with an estimated 5.2bn tons emitted in 1990. Emissions are projected to grow by 125m-200m tons this decade.

The task of devising a plan to curb US emissions has been complicated by the Clinton administration's failure to persuade Congress to agree a significant energy tax.

Issues for discussion at the Geneva meeting include a common measurement standard and how to account for joint projects by two or more countries. Officials will also discuss "joint implementation" – the extent to which a country can claim credit against its own emissions target for financing projects in another country which can achieve the same overall effect more cheaply.

Funding for developing country projects is another contentious issue. While up to \$4bn (£2.6bn) may be available over the next three years through the Global Environment Facility run jointly by the UN and the World Bank, it has yet to be decided which countries should benefit and what types of project should qualify.

Reuter

President Juan Carlos Wasmosy after his inauguration

Paraguay keeps links with past

By John Barham in Buenos Aires

MR Juan Carlos Wasmosy became Paraguay's first-ever democratically elected civilian president on Sunday, when outgoing President Andrés Rodríguez surrendered power as scheduled four years after toppling Gen Alfredo Stroessner in a bloody coup.

But Mr Wasmosy, a politically inexperienced construction millionaire, promised no sudden break with the country's past, overshadowed for 35 years by Gen Stroessner.

In his inauguration speech Mr Wasmosy called for "dialogue, tolerance and unity" and promised to continue the previous government's policies of political and economic liberalisation.

Mr Wasmosy, 54, named a 10-member cabinet of politicians and bureaucrats who served first under Gen Stroessner and then under Mr Rodríguez. During his four-year term as president, Mr Rodríguez is credited with bringing unheard of democratic freedoms to Paraguay while reforming its closed and backward economy.

Mr Wasmosy's narrow election victory in May, when he won 40 per cent of the votes, ensures that the dominant Colorado party maintains its 60-year grip on power, but it no longer holds exclusive control over government. Two opposition parties now dominate Congress, forcing Mr Wasmosy to begin negotiations with political leaders on a "governability pact".

At the same time, the new president needs to preserve good relations with the armed forces, which retain great political influence in Paraguay. He is not expected to investigate aggressively corruption scandals involving top army officers that came to light during the final year of Gen Rodríguez's government.

Blue-eyed sheikhs get used to life without oil wealth

Albertans no longer have savings for a rainy day, writes **Bernard Simon**

ALBERTA'S 2.6m residents were led to believe for almost two decades that their oil and gas wealth provided a cushion against hard times.

When energy prices soared in the mid-1970s, the Canadian prairie province decided to squirrel away 15 per cent of its oil and gas royalties in a newly-created Heritage Savings Trust Fund. By the early 1980s, the fund had amassed assets of over C\$12bn (£6.2bn), and was investing in income-producing ventures as well as improvements to the province's infrastructure.

But Albertans, once labelled the blue-eyed sheikhs, have discovered lately that oil and gas cannot protect them from free-spending politicians or the realities of the business cycle.

Having posted a budget deficit for eight years in a row, the province has run up an accumulated debt of more than C\$11bn (including unfunded pension liabilities).

A non-partisan commission, appointed by the government to examine Alberta's fiscal hangover, concluded earlier this year that "we have effectively used up all the savings of the Heritage Fund and more... These funds are no longer available for a rainy day." Such sober assessments have led Albertans to take a new look both at their past and their future. They are questioning, as seldom before, whether they could have spent their oil wealth more wisely.

At the same time, a new provincial government led by Mr Ralph Klein, a former TV reporter and mayor of Calgary, has promised a new era of rigorous fiscal discipline.

The treasurer, Mr Jim Dinning, said in this year's budget speech that "optimistic oil and gas revenue forecasts have no place in the budgetary exercise. In future, we'd rather err on the other side." The latest budget is predicated on average energy revenues over the past five years.

Mr Gerry Protti, president of the Canadian Association of Petroleum Producers in Calgary, estimates that royalties, income taxes and other levies paid by the energy industry make up at least 40 per cent of provincial government revenues.

Oil and gas have brought indisputable benefits to Alberta. Alone among Canada's 10 provinces, it has no retail sales tax. Personal income tax rates are the lowest in the country.

Mr Peter Lougheed, the provincial premier from 1971 to 1985, says that his policy was to spend heavily on capital projects with the aim of building a modern infrastructure which could last for decades with minimum expansion.

He ticks off an impressive list, including a network of 124 hospitals (more than three-quarters of them in rural areas); a modern highway system; libraries; two well-equipped technical colleges; an extensive tourism area in the Rockies foothills; and a C\$300m medical research foundation financed by the Heritage Fund.

The politicians seemed not to notice when the bottom fell out of the oil price in 1985/86. Oil and gas royalties, which averaged C\$4.8bn a year between 1981 and 1986, sank to an average of C\$2.3bn between 1988 and 1993.

Neither the quantity nor the quality of spending took account of this deterioration.

"Each little department of government was a fiefdom which did its own thing," says Mr George Cornish, retired city commissioner of Calgary who is now executive-in-residence at the local university's faculty of management.

In the second half of the 1980s, the emphasis shifted to diversification. Japanese and other investors built several wood-pulp mills with support from provincial coffers. A US-Canadian consortium put up a magnesium smelter with the help of C\$103m in government loan guarantees.

The government nurtured and took an equity stake in NovAtel, one of North America's biggest cellular telephone makers.

The success rate of these investments would make a banker blush. The province has already written off about 17 per cent of the C\$12.2bn in loans and guarantees which it advanced in the cause of diversification.

NovAtel has disappeared. The magnesium smelter, which used an untried technology, has been mothballed.

One source estimates that another C\$1bn-C\$2bn in write-downs are unavoidable over the next few years. In particular, the government is unlikely to realise its investment in Gainers, a troubled meat processing company. A heavy oil upgrader on the Saskatchewan border, which was built with almost C\$300m of taxpayers' money, is also in the red.

This poor fiscal management was largely blamed on the patronage, cronyism and lack of co-ordination which flourished under Mr Donald Getty, who succeeded Mr Lougheed as premier.

Mr Getty quit politics earlier this year. His successor, Mr Klein, has served notice that Albertans can no longer expect their government to keep spending in the hope that energy prices will climb.

A Deficit Elimination Act, passed last spring, requires that the budget be balanced again within four years. The government has promised that, in the words of a budget document, "there will be no loopholes".

The oil-boom largesse is being scaled back. The provincial health department is considering closing several of the hospitals built in the good years. Mr Klein has promised to end direct subsidies to business. In one small but controversial move, the government has stopped paying daily allowances to prisoners in provincial jails.

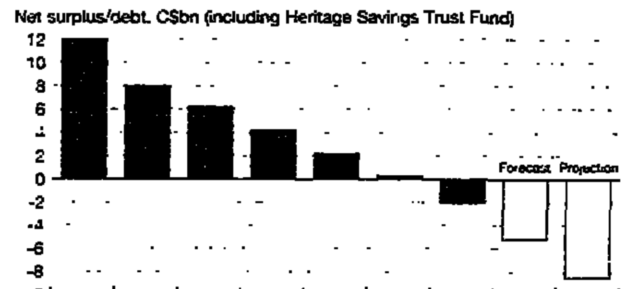
Mr Protti says the mood among oil and gas producers has also changed. The industry is "no longer a high-flying play based on commodity prices. Today, the attitude is very much that if you can't make money at \$18 a barrel, you had better make the changes required to make money, otherwise you're going out of business."

Even the Heritage Fund is not expected to survive the new climate of austerity. The fund stopped growing a decade ago when its investment income was funnelled into general revenues. The book value of its assets is now less than half the size of the provincial debt.

The Financial Review Commission proposed that the fund be abolished as a separate entity. After a period of public consultation, the government is expected to concur.

Province of Alberta

Net surplus/debt. C\$bn (including Heritage Savings Trust Fund)



Source. Alberta Financial Review Commission

Iranian MPs crack whip at Rafsanjani

By Parichehre Mosteshar

PRESIDENT Ali Akbar Rafsanjani of Iran suffered the first serious defeat of his career yesterday, when the Majlis (parliament) rejected the re-appointment of Mr Mohsen Nourbakhsh, the economy and finance minister, who had been entrusted to push through radical economic reforms.

However, Mr Rafsanjani immediately appointed Mr Nourbakhsh vice-president for economic affairs, stressing in a decree read on television his "valuable experience in reforming the economic system and continuity of restructuring policies".

With earlier praise of Mr Nourbakhsh, who many blame for the continued decline in the economy, the president made it clear during the endorsement debate that his rejection would be a vote of no confidence in the administration.

The present Majlis was elected on a ticket of economic reform to reverse the damage done by the eight-year war with Iraq.

The new cabinet, first announced by Mr Rafsanjani nine days ago, was from the start an exercise in compromise, mainly in response to pressure from Ayatollah Khamenei, the country's spiritual leader, and to opposition from the right-wing members of the Majlis.

Part of the paralysis in Iran since the death of Ayatollah Khomeini has been because of the existence of too many power bases. President Rafsanjani spent much of the last four years trying to consolidate his own authority.

The election of a more moderate Majlis last year was to have been the last step, making it a two-sided power struggle between Mr Rafsanjani and the spiritual leadership. Yesterday, however, it appeared to have become a three-way game.

The survival of Mr Gholamreza Aqazadeh, the oil minister, who received the lowest vote of the 22 ministers endorsed by the Majlis, may have come as a small consolation to Mr Rafsanjani. However, few leading Iranians have great regard for Mr Aqazadeh who has presided over a ministry that is considered moribund.

The rejection of Mr Nourbakhsh is a clear signal to the president that he has done too little too late, and can no longer rely on the men he brought into the Majlis in last year's elections. His failure to revitalise a jaded cabinet team may have cost him the support he so badly needs to carry through his ambitious programme of reforms.

The religious establishment, led by Ayatollah Khamenei, still blames the pace of change for the riots in five large Iranian cities a year ago. The removal of two hardliners, Hojatolislam Abdullah Nouri, the interior minister, and Mostafa Mo'in, at culture and higher education, was a gesture to the Majlis, but it was not enough.

President Rafsanjani had blamed the hardliners, who dominated the post-revolution Majlis, for all the country's ills. Their removal was hoped to leave the way clear for rapid modernisation, financed by foreign investment.

The theory has not translated into practice. A year later the economy is still in decline with a serious backlog of short-term debt.

This lack of progress has been put squarely at the door of the cabinet. The new Majlis, elected on the slogan of "support Rafsanjani", is now calling for the blood of those surrounding the president.

Mr Rafsanjani did manage to resist the pressure from Ayatollah Khamenei to elevate Mr Ali Akbar Velayati, the foreign minister, at the price of keeping him in his present post.

The appointment of Ali Mohammed Besharati, a career diplomat allied to Mr Rafsanjani, as interior minister, is a boost for or the president. It is the first time, except for a brief interval in 1981, that a non-cleric has held the post.

The departure of Hojatolislam Nouri from the interior ministry, leaves just two clerics in the cabinet: Hojatolislams Ali Fallahian, at information, and Mohammed Shoustari, at justice.

Mr Abdol-Hussein Vahhaji has also been removed from the ministry of commerce. He was plagued by claims that senior personnel in his ministry had received huge commissions on foreign dealings. He is replaced by Mr Yahya Al-Ishagh.

The removal of Mr Ali Torkan from the ministry of defence came as a surprise, as he appeared to enjoy the respect of all the armed forces. However, the merging of the army and the Islamic Guard had caused tension.

Lebanese leaders review troop deployment

By Roger Matthews, Middle East Editor

LEBANON'S leaders began top-level talks in Damascus yesterday after Syria had voiced concern over the Beirut government's plans to deploy troops in the south of the country, recently subjected to a week-long bombardment by Israel.

The announcement of the troop deployment had been welcomed by Israel and the US.

Both countries saw the move as an attempt by the Lebanese government to control the activities of the Iranian-backed Hizbollah guerrillas.

It was the attacks by Hizbollah on Israeli troops occupying the southern strip of Lebanon which sparked the furious Israeli response, forcing more than 300,000 people from their homes and leaving at least 120 dead.

> Israel and the US see troop deployment as attempt by Lebanon to control Hizbollah

In the past two years the Lebanese army has collected most of the heavy weapons of the militia forces, except those of Hizbollah, which is deemed to be fighting a war of national liberation.

The initial announcement from Beirut that it was sending troops to the south was seen as an attempt to extend its authority over a wider area of Lebanon. However, in the face of Syrian opposition, only 300 troops have been sent south and no further deployment is expected.

Syria, which maintains more than 30,000 of its own troops in Lebanon, appears to have been alarmed that the movement of Lebanese forces would be viewed as a diplomatic victory for Israel.

In a long interview with a Beirut newspaper, President Hafez al-Assad of Syria stressed that it was his duty and that of the Beirut government to strengthen the resistance and if necessary to protect it.

"Maybe at times we need to guide it, but only to increase its effectiveness," he said.

The seriousness of Syrian concern was underlined by the presence in Damascus yesterday of the top three members of the Lebanese leadership, President Elias Hrawi, Mr Rafik al-Hariri, the prime minister, and Mr Nabih Berri, the speaker of the national assembly.

It is believed in Beirut that the Lebanese leaders, anxious to provide security for villagers returning to the south, announced the deployment of the army without consulting Syria, or perhaps taking fully into consideration the wider interests of Damascus.

Syria has been accused by some Israeli and US leaders of using Hizbollah to increase its leverage at the Middle East peace negotiations.

Reuter

South Korean riot police chasing students during an anti-government demonstration outside Seoul's Yonsei University in protest at a ban on a "pan-national" rally they had plans to hold

S KOREAN STOCKS STORM SUBSIDES

CALM returned to South Korea's financial markets yesterday as the stock market rebounded sharply after tumbling late last week in response to a ban on the use of aliases in financial transactions, writes John Burton in Seoul.

The general share price index rose by 25 points from Saturday's close to 691, although it still remains below the 725 level on Thursday when the ban was announced.

Trading was brisk at 31m shares, twice last week's volume, as investors took advantage of buying opportunities.

Nigeria's government proscribes newspapers

By Paul Adams in Lagos

NIGERIA'S military government yesterday proscribed newspapers shut last month, including one owned by Chief Moshood Abiola, victorious candidate in the June presidential poll which was subsequently annulled by General Ibrahim Babangida.

Mr Abiola, interviewed in London, condemned the action, saying: "This is just the beginning of a new darknes of a type Nigerians never believed they deserved. Babangida has signalled to the world that consent no longer forms any part of the code of government."

The decree outlaws newspapers published by the Concord group, owned by Mr Abiola, as well as those of Punch, the Daily Sketch and Bendel Newspaper Corporation.

The government closed the publications on July 22 in the biggest press clampdown since independence in 1960, accusing the papers of bias.

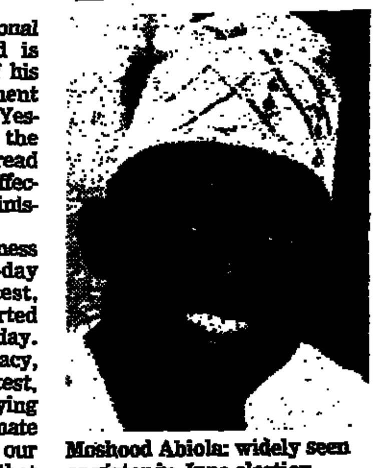
General Babangida postponed a speech to the National Assembly yesterday, and is expected to give details of his proposed interim government today, his 52nd birthday. Yesterday's clampdown on the press reinforced widespread doubts that he will hand effective power to the new administration.

Lagos re-opened for business yesterday after a three-day mass stay-at-home protest, which left the city deserted from Thursday to Saturday. The Campaign for Democracy, which organised the protest, promised more action, saying that "the struggle to terminate military dictatorship from our land has just begun and to that extent no amount of intimidation ...victimisation and oppression can stop the on-going people's march towards democracy."

Thousands of people are fleeing the cities, particularly in the south-west, Mr Abiola's political strongold.

"As we get nearer the fateful 27th of August, the spate of flight has escalated," the Lagos Guardian newspaper said in an editorial.

"The climate of fear is exacerbated by widespread rumours of large caches of arms discovered in different parts of the country, of communities determinedly arming themselves," it added.



Moshood Abiola: widely seen as victor in June election

Japan's stake in Australia shrinks

JAPANESE investment in Australia is shrinking, Australia's foreign affairs and trade department said yesterday, Reuter reports from Canberra.

"While lower Japanese investment in Australia is part of a global slowdown in Japanese long-term capital outflow, the contraction has been much more severe in Australia than elsewhere," the department said in its latest Quarterly Economic and Trade Review.

In 1989/1990, Japan's share of foreign investment in Australia was larger than that of any other country. Now Japan was the third largest investor in the country behind Britain and the US, the report said.

Japanese investors had withdrawn more than A$4bn ($2.7bn) in investments in Australia in the six months to March 1993. Weakness in the Australian dollar may have contributed to the drop in Japanese interest.

● The Australian government yesterday rejected complaints by US-based United Airlines that Australian regulations would make its planned flights into Australia via Tokyo unprofitable, Reuter adds.

Kuwaiti labour plea

A KUWAITI trade union yesterday accused manpower companies of ill-treating foreign workers and demanded greater legal protection including a minimum wage for the labour they provide, Reuter reports from Kuwait.

"These companies have greatly damaged Kuwait's image abroad through their continuous violations of labour laws and their inhuman practices including trading in humans," the Union of Oil and Petrochemical Industry Workers said.

Hundreds of manpower companies provide foreign labour to state-owned corporations such as oil companies.

Two thousand foreigners employed by a local manpower company went on a rampage during a one-day strike earlier this month, overturning cars and smashing up rooms at the Kuwait National Petroleum's Mina Abdulla refinery.

The workers, mainly Indians and Bangladeshis, complained of bad food and living conditions and irregular wage payments.

Liberia factions agree government

Liberia's three former warring factions yesterday agreed a five-member transitional government to steer the country to elections next February, Reuter reports from Cotonou.

The factions each chose one member of the council and the two remaining posts were chosen by a group of eminent Liberians selected by the factions. The agreement left Charles Taylor's National Patriotic Front of Liberia in a minority.

Gunman fires on Nile tourists

A gunman fired shots at a boat carrying 44 British tourists on the Nile in southern Egypt yesterday but nobody was hurt, the interior ministry said, Reuter reports from Cairo.

Moslem militants have devastated Egypt's tourist industry with a series of gun and bomb attacks.

Indonesia eases visa curbs

Seeking to attract more tourists, Indonesia yesterday began allowing visitors from 45 countries to stay two months without visas, the immigration office announced, AP reports from Jakarta.

The visa-free visits cannot be extended or used for business purposes.

In 1992, more than 3m foreigners visited Indonesia, up from 2.5m in 1991. Tourist earnings rose from $1.4bn in 1989 to $3.3bn in 1992.

Kuomintang rift poses threat to hold on power

By Alexander Nicoll and agencies

A CHALLENGE to President Lee Teng-hui's leadership of the ruling Kuomintang Nationalist Party has widened internal divisions which pose a growing threat to the party's 44-year hold on power in Taiwan.

Delegates to the KMT's 14th congress, which opened yesterday, said that they were seeking sufficient signatures to nominate a rebel candidate – Mr Chang Feng-shu, 65, a former minister of state and mayor of Taipei – in tomorrow's elections for the party chairmanship.

Mr Lee is expected to retain the post. But the dissidents' move underlined growing anger within the party at the slow pace of democratic reform and of measures against corruption. In last December's parliamentary election, the KMT's share of the vote fell to a record low partly because of popular disquiet about corruption.

Unrest within the party was highlighted last week when six prominent members of parliament broke away to form the New Party, saying the KMT had become corrupt and paid too much attention to interests of wealthy businessmen.

Mr Lee acknowledged yesterday that the party was threatened by internal factional struggles and growing political opposition.

"In recent years, pluralism in society has led to differences in political ideology among our comrades, posing a severe challenge to us in elections," he told the congress.

"Implementing internal reform is more difficult than tackling external challenges. But our goal has been set and we must overcome all obstacles," Mr Lee said.

President Lee Teng-hui: could face challenge from rebel candidate at party congress

The congress is expected to drop most of the 12 "mainlanders" – veterans who fled to Taiwan with General Chiang Kai-shek in 1949 when the Communists took power in China – from the 31-member Central Standing Committee. This will virtually complete the transfer of power from the veterans to local-born politicians such as Mr Lee.

The internal travails are partly a reflection of this transfer, as Taiwanese people take an increasingly pragmatic view about relations with China. The New Party is advocating direct transport links.

China, UK hopeful on Hong Kong talks

By Tony Walker in Beijing

CHINA and Britain yesterday expressed hope that progress in negotiations over Hong Kong's future could be achieved in time for a meeting which has been scheduled for September between the foreign ministers of the two countries, Mr Jiang Enzhu, China's chief negotiator, said yesterday.

Mr Jiang said there would be several more rounds of negotiations before the end of September and "we hope that more progress will be made in these rounds of talks".

Mr Douglas Hurd, Britain's foreign secretary, and his Chinese counterpart, Mr Qian Qichen met in Beijing in July in an attempt to break the impasse on the Hong Kong issue. They agreed then to meet again at the United Nations General Assembly in New York.

China has been deeply angered by plans advanced by Mr Chris Patten, Hong Kong's governor, to broaden the franchise for elections due in 1994 and 1995. Beijing says this plan contradicts understandings reaching with London on the transition to Chinese rule in 1997.

Sir Robin McLaren, Britain's chief negotiator, declined yesterday to provide details about progress in the talks, but he did say: "We have a lot of work to do, and we have been getting on with it."

Beijing stumbles over 'good art'

Tony Walker reports on the problems of a new wave of film-makers

CHEN KAIGE, director of the acclaimed movie, Farewell To My Concubine, was almost speechless with rage and frustration: "How can I say anything? What should I say? Should I say the government did the right thing? But that's not the truth. Should I say the government did the wrong thing? If so, how how could I stay on in China?"

"If you quote me directly it could land me in trouble," he says, before pausing and then adding: "Well, if you really must quote me, say I don't understand."

Two weeks after the Chinese authorities withdrew permission to be shown after just one viewing in Beijing for Mr Chen's film, which shared this year's Palme d'Or at Cannes with Jane Campion's The Piano, it is difficult to fathom where the decision leaves the new wave of Chinese film-makers and writers; and whether, ominously, the ban heralds a new chill in official attitudes towards art and literature.

Wang Shuo, the angry young man among Chinese writers whose books with their earthy real-life dialogue are often subject to ferocious criticism in the fusty official press, believes that a cooler breeze has been gusting through artistic circles for the past several months.

"We could feel the chill since the spring," he says. "It's a definite trend." As for the decision to ban Farewell To My Concubine, it was "stupid and poisonous", he adds.

Other writers, such as playwright Guo Shixin, take a more phlegmatic view, and believe that problems over Farewell To My Concubine are peculiar to the film itself, and do not necessarily reflect a trend. "The biggest obstacle now is writers' self-censorship," he says. "After decades of political pressure, they tend to put limits on themselves automatically."

Whatever the truth, there is no doubt the row over Chen Kaige's film, with its poignant scenes from China's recent turbulent Cultural Revolution past and its implied criticism of the Communist party, has come as a sharp reminder of limits on literary and artistic endeavour, even as Beijing continues to proclaim its commitment to an opening to the outside world.

> 'The biggest obstacle now is writers' self-censorship'

The difficulty facing the authorities in judging what is and what is not acceptable in their terms, was reflected in arguments put forward by Mr Liu Zhongde, the culture minister, in a recent People's Daily article, in which he sought to define what was appropriate in the new market economy. It was a prescription from China's leading cultural commissar that would hardly have engendered much confidence among artists and writers in the government's commitment to literary and artistic freedom.

"At a time when popular art is rapidly developing, we must use the law to stop 'garbage art' from running rampant," said Mr Liu. "We should also reward artists who make 'good' art and punish those who create 'crass' works."

It is not clear where Farewell to My Concubine falls between these categories since the authorities have not said publicly why they object to the film, although it is widely assumed that China's party elders found distasteful a homosexual scene and a downbeat ending in the which one of the leading characters commits suicide.

Themes of despair and hopelessness are not deemed be appropriate in modern post-Cultural Revolution China, marching as it is towards a glorious new dawn under the banner of socialism with Chinese characteristics.

Mr Chen, meanwhile, awaits the verdict of the censor, who had already chopped about 50 feet out of the film before its one and only showing in Beijing. He insists he will not co-operate in changing the ending.

"If they want to do it, fine," he said recently. "But there is no more footage with which to make the change. It will be a film without an ending. Audiences would be very surprised to see a film without an ending."

The Farewell To My Concubine saga is unlikely to fade soon, happy ending or no happy ending, nor is there likely to be truce between China's new breed of avant garde film makers and the authorities, now that these talented directors and producers have discovered a means to make their films using private donations and equipment without having to rely on the state. They have also tapped a receptive and encouraging international audience.

Underground film-maker Zhang Yuan, for example, was able recently to defy official attempts to prevent him taking his radical work, Beijing Bastards, to the Locarno film festival in Switzerland. China had asked the organisers to withdraw the film, which depicts the seamy side of life in the Chinese capital, and features China's reigning rock idol, Cui Jian.

> 'There is no more footage... It will be a film without an ending'

Other works that have been attracting attention recently, include Wu Wenguang's 1966, My Time in the Red Guard, and Bumming in Beijing – The Last Dreamers. Films like these, made on a shoestring, will not be released officially for the time being, since the state controls all means of distribution, but they are being shown to smaller, private audiences, and thus are helping to attract a following for their authors, and perhaps more important, financial support.

Independent directors such as Zhang and Wu might also draw comfort from the example of Zhang Yimou, whose Raise the Red Lantern was initially not allowed to be shown in China. The authorities eventually relented late last year after it had won widespread international acclaim.

Chen Kaige, who has graduated from low-budget films to works such as Farewell To My Concubine which cost several million dollars to make, is obliged to tread carefully these days since he requires official Chinese approval for his next venture... if it is to be shot and shown on the mainland.

Chen is also being obliged to shelve for the moment plans to make a film about Nien Cheng's harrowing novel, Life and Death in Shanghai. This could hardly have avoided negative reference to the Communist party and taboo subjects such as Mao himself.

Instead, Chen is embarking on the safer Shadow of a Flower, a love story set in 1930s Shanghai. China's cultural commissars should be able to live with that.

South Africa chafes at customs link

By Philip Gawith in Johannesburg

THE Southern African Customs Union meets today in Swaziland to discuss its future amid increasing indications that South Africa, the senior partner, wishes to revise the terms of its participation.

Sacu - consisting of South Africa, Namibia, Botswana, Swaziland and Lesotho - has existed in various guises for more than 100 years, and has been the most successful of the regional economic structures in southern Africa. Domestic fiscal pressures, however, have led over the past year to vocal protests in South African government circles that the system cannot continue in its current form.

Derek Keys: payment concerns

The root of the complaint is that while South Africa contributes 90 per cent of all revenue to the customs pool, its share of receipts has declined to 44 per cent from 73 per cent a decade ago. In the case of countries like Lesotho and Swaziland, these payments amount to more than a third of national income. In the 1991/2 fiscal year, South Africa paid more than R4.5bn ($1.3bn) to other Sacu members, with about 40 per cent going to the nominally independent homelands in South Africa.

According to Mr Gerhard Croeser, director general of the Department of Finance, today's meeting is "just to have an exchange of views, not to make demands". South Africa is too close to implementing new transitional government arrangements for any big policy shifts. Although the discussions will be technical in nature, they do have important ramifications, particularly for the future of regional economic co-operation.

As Mr Derek Keys, the minister of finance, said earlier this month, the issue is not whether South Africa should be making the payments. "All I am saying is that you cannot justify the size of these payments in terms of the Customs Union. If we were to include other potential members into this arrangement, our system would run downhill at a rate which would be truly alarming."

If the Sacu formula is amended so as to make it possible for other countries to join - and some have expressed interest - this would cast serious doubts over the future of the Southern African Development Community as the premier regional vehicle for economic integration.

The other main item up for discussion will be the terms of South Africa's revised tariff offer to Gatt in the Uruguay Round. Due to be tabled by the end of the month, it is likely to involve a cut in the number of tariff lines from 12,000-plus to about 1,000, and a substantial cut in the average level of protection. The issue will be how to reconcile South Africa's tariff policy with the needs of other Sacu members, all of whose economies are much less developed.

UK's very tangible benefits of invisibles

Emma Tucker on a 20% rise in the City of London's foreign earnings from financial services

IMAGES of young men and women aggressively selling the pound on Black Wednesday last September did little to endear the City of London to the British public.

But the UK's financial centre may yet work its way back into the nation's affections with the publication yesterday of detailed invisible earnings figures.

These show that although City and other financial institutions did not earn enough to offset the UK's considerable trade deficit last year, the deficit on the current account would have been considerably worse without the overseas earnings of the Square Mile.

According to British Invisibles, a trade group which promotes UK financial and other services abroad, net overseas receipts of UK financial institutions jumped 19.8 per cent last year from £15.7bn in 1991 to £18.8bn.

The strong performance contributed to an overall invisibles surplus of £4.8bn in 1992, compared with a surplus of £2.6bn in the previous year.

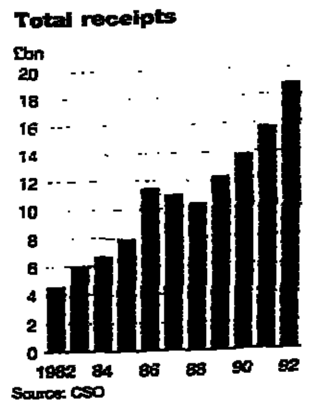
With a visible, or merchandise, trade deficit of £13.4bn the overall current account deficit in 1992 was £8.6bn, considerably lower than had been expected. It compared with a deficit of £7.6bn in 1991 and £18.3bn in 1990.

NET OVERSEAS RECEIPTS OF UNITED KINGDOM FINANCIAL INSTITUTIONS (£m)

	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
Banks	2,378	3,026	4,353	4,619	5,385	4,493	4,440	5,901	7,231	7,911	8,729
Insurance institutions	1,648	2,230	2,497	3,266	4,898	4,633	3,411	2,795	2,389	3,570	4,340
Fund managers	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	202	231	282
Investment trusts	116	162	170	183	189	170	155	183	223	191	293
Unit trusts	63	109	126	138	214	219	254	352	388	353	486
Pension funds	326	459	559	810	1,032	713	933	1,394	1,390	1,566	2,229
Dealers operating in securities markets	120	102	134	227	583	1,162	901	1,361	936	791	1,435
Commodity traders, bullion dealers and export houses	367	441	499	511	440	368	415	325	431	493	454
Baltic Exchange	246	246	270	229	221	227	334	427	474	470	401
Lloyd's Register of Shipping	37	33	27	25	24	22	18	23	29	33	39
Money market brokers	38	40	49	57	58	59	56	73	85	84	92
Finance leasing	68	64	72	66	50	40	40	40	40	40	40
Less adjustment	-848	-924	-2,082	-2,224	-1,658	-1,171	-630	-690	-64	-24	0
Total	4,559	5,988	8,694	7,907	11,436	10,935	10,327	12,18 4	13,754	15,709	18,820

Source: Central Statistical Office

Total receipts



Source: CSO

The improvement in invisible earnings was distributed fairly evenly across the whole financial sector, with particularly strong overseas earnings by pension funds, investment and unit trusts, insurance institutions and dealers operating in the securities markets.

But although the figures are promising, the underlying performance of the services and financial sectors was muddied last year by the devaluation of sterling in September.

This boosted income earned in foreign currencies in the fourth quarter and there was a corresponding sharp rise in portfolio earnings. Total income from portfolio investment increased by 37.7 per cent last year to £10.6bn.

Within this, portfolio investment income for the banking sector rose by 19.2 per cent, reflecting a greater emphasis on investment in securities. Pension fund income from portfolio investment rose to £2.2bn compared with £1.56bn the previous year.

While welcome, the leap in earnings will only improve the UK's current account position in the long term if the pound stays at its present level. If not, the better invisibles surplus resulting from the devaluation will prove transient.

Neither British Invisibles nor the Central Statistical Office was able to say yesterday how much the improvement in overseas earnings from financial institutions stemmed from the devaluation of sterling and how much was due to an underlying improvement in the performance of the sector.

"The overall increase might have been exaggerated by special factors, but there has unquestionably been some healthy growth underneath," said Ms Jill Leyland, who prepared the statistics for British Invisibles.

The figures showed that bank earnings from overseas increased by 10.3 per cent last year to £8.7bn. British Invisibles said the good figures were due in part to the reduced costs of the banks' overseas sterling borrowing, but also the sharp rise in portfolio investment income.

Dealers operating in the securities markets earned a net £1.4bn last year compared with £791m in 1990. Although this series is erratic, Ms Leyland said the jump probably reflected the turmoil of the markets in September last year.

Earnings for the insurance sector were the best for five years with net overseas receipts jumping 21.6 per cent to £4.3bn compared with £3.5bn in 1991.

Mr Tony Baker of the Association of British Insurers said that while devaluation had boosted earnings, particularly by inflating premiums from North America, the rise also reflected a substantial increase in portfolio investment income as a result of higher investment in overseas equities and industrial bonds.

"These figures show the importance of the insurance sector to the UK economy," said Mr Baker. "You have to ask where we would be without them, especially when you look at the balance of trade figures."

Net services income of the insurance sector was adversely affected by continuing higher claims, widespread flooding in Europe last September and, to a lesser extent, Hurricane Andrew in the US, British Invisibles said.

Chinese polyester plant deal signed

ZIMMER of Frankfurt in Germany, a company in the Lurgi Group, itself an engineering services subsidiary of Metallgesellschaft, has signed a second contract with China Petrochemical International (Sinopec) for the supply of a further polyester plant, Our World Trade staff writes. The value of the order amounts to more than DM50m (£19.4m).

The plant operator is to be Liaoyang Petrochemical Fibre, a subsidiary of Sinopec. It will incorporate a two-line spinning facility designed for daily production of 100 tonnes of staple fibre per line spun direct, using melt polymer as feedstock.

Zimmer will supply the process technology, basic equipment and will supervise building and start-up. The source of the polymer will be the polyester polycondensation plant being supplied by Zimmer under a contract awarded in 1992.

The polycondensation plant and the spinning plant will be built at the fibre company's site 800 km north-east of Beijing. The two plants are due to be commissioned in 1996.

GrandMet wins approval for India drinks venture

By Philip Rawstorne

GRAND METROPOLITAN, the UK-based food, drinks and retailing group, is to establish a joint venture in India to produce and market liquor for local consumption and export.

The group announced yesterday that approval for the venture, which will begin operations later this year, had been granted to International Distillers and Vintners, its drinks division.

IDV will have a majority interest in the new company, International Distillers India. Agreement had not yet been signed with its local, unnamed, partner but negotiations were at "an advanced stage", GrandMet said.

GrandMet has spent several years researching and planning the joint venture, which will take advantage of recent liberalisation and economic reform by the Indian government in a market worth £800m a year.

"In the light of the reforms, which are most encouraging, the way is now clear to implement our investment plan for India," said Mr John McGrath, IDV's chief executive. "It is a country of enormous potential both for IDV brands and, subsequently, for the wide portfolio of GrandMet's branded products."

The venture will produce and market brands such as Smirnoff vodka, Gilbey's gin, Malibu liqueur and Archer's schnapps.

A marketing and sales staff of between 50 and 70 people is expected to work initially from regional offices in New Delhi, Bombay, Calcutta, and Bangalore.

IDV has operated a company in neighbouring Sri Lanka since 1980, and has had a production plant in Colombo, the capital of Sri Lanka, since 1981.

United Distillers, the Guinness spirits company, recently announced a joint venture in India with United Breweries, one of the country's largest drinks producers.

Japanese face rice shortfall

JAPAN'S unseasonally wet summer could mean a rice shortage, necessitating imports for the first time in 10 years, industry analysts said yesterday, Reuter reports from Tokyo.

They forecast a shortfall of 50,000-250,000 tonnes and warn that Japan may need to import that amount by the end of the year.

However, an Agriculture Ministry official in charge of state-controlled food imports said there was no plan to import rice.

The analysts expect only about 250,000 tonnes to be rolled over from 1992 stocks, which in turn have been depleted by a series of typhoons.

Japan has not imported rice since the government allowed in 150,000 tonnes of South Korean rice in 1984.

Tokyo bans commercial imports of rice to protect local farmers and to ensure national self-sufficiency in the staple food. The government argues that self-sufficiency is vital for national security and has rejected a Gatt proposal to remove the barrier.

This has been one of the obstacles to the conclusion of the Uruguay Round of multilateral trade talks, which started in 1986.

Exim Bank loans to Boeing

THE Export-Import Bank has promised to provide Boeing with $6.2bn in financing to help the company in its drive to win a huge jet order from Saudi Arabia, an Exim Bank official said, Reuter reports from Washington.

The bank said it was its biggest preliminary financing commitment, and could involve a combination of direct loans and loans guarantees.

Saudia, Saudi Arabia's national carrier, is seeking to buy up to 80 US airliners worth as much as $8bn.

It has been been courted by Boeing, McDonnell Douglas and Airbus Industrie, the Europe consortium made up of British Aerospace, Aérospatiale of France, Deutsche Aerospace and Casa of Spain.

The Exim Bank commitment would enable Boeing to match the financing terms available to Airbus for its bid, the bank said.

Financing terms on such orders are governed by an agreement among industrial nations under the auspices of the Organisation for Economic Co-operation and Development.

A spokeswoman for the bank described the potential order as a "multi-aircraft transaction" with deliveries to the year 2000.

Exim Bank normally does not provide details on preliminary commitments, but did so in this case with Boeing's approval.

Strong retail sales boost recovery hopes

By Emma Tucker and Stephanie Flanders

RETAIL sales rose in July for the seventh consecutive month, registering their strongest growth for more than three years, according to a Confederation of British Industry (CBI) survey published today.

The latest distributive trades survey by the employers organisation shows that for the first time since 1990, more companies are indicating that sales are above average, rather than below, for the time of year.

The news is likely to fuel fears that consumer spending is acting as the spur to economic recovery, particularly after a string of figures last week suggested that growth in the manufacturing sector was slowing.

But Mr Andrew Sentance, the CBI's director of economic affairs, said yesterday that the improvement in sales suggested "steady growth rather than a consumer boom. Even now, fewer than one in four retailers consider trading conditions to be good".

The improvement in shop sales has not yet benefited retailers of all sizes, according to Mr Sudhir Junankar, an economist at the CBI.

"Retailers with only one outlet were still reporting that trade was lower than a year earlier", he said. "This indicates that the steady monthly growth in retail sales has not yet extended to all corners of the high street."

The CBI said the pick-up in retail spending was filtering through only slowly to the rest of the economy. Retailers still consider stock levels to be too high and orders placed with suppliers are growing at a much slower rate than sales, a pattern that is expected to continue.

Official figures from the Central Statistical Office show retail sales to be growing at an annualised rate of 3.1 per cent. Growth has been above 3 per cent since March.

Car sales rose modestly in July after two months of year-on-year decline, and orders for cars have risen sharply. There was a build up in stock levels among wholesalers. The CBI said they were now experiencing more sluggish trading conditions than in the past few months.

Although a higher number of respondents expect to sell more vehicles this month, on balance they do not think sales will match the level usually seen in August.

In the wholesaling sector, a positive balance of 35 per cent of respondents reported higher sales in the year to July. This is the fifth month of healthy year-on-year increases in this category.

The survey, which covered 15,000 outlets in retailing, wholesaling and the motor trade between July 20 and August 4, found that Britain's clothing and footwear retailers had enjoyed the most buoyant sales in July.

Off-licences, by contrast, reported a further sharp fall in sales in the year to July. Sales in this sector have decreased every month since June 1992.

Study may help UK avoid rigid waste rules

By David Lascelles, Resources Editor

A STUDY OF the costs and benefits of environmental regulation could help Britain avoid the excessively rigid environmental controls of some continental countries, according to Dr David Slater, the head of the UK pollution inspectorate.

The review should bring "more transparency," he says, to a subject which always triggers strong public emotions.

Events this year have shown just how strong those emotions can be. Two weeks ago, his inspectorate came under attack for authorising two power stations to burn orimulsion, the "filthy fuel" criticised by environmentalists.

A few weeks earlier he raised a similar storm when he approved an authorisation for Thorp, the nuclear waste processing plant in Cumbria, though on that occasion ministers decided that more consultation was needed.

More controversy is likely as the inspectorate nears a decision to authorise Britain's latest nuclear power station, Sizewell B for which consultations started last week.

Given the nature of the job, it is hardly surprising that Dr Slater finds himself amid conflicting pressures, from business, politicians and green groups.

But he has experienced pollution at close quarters. A consultant engineer by background, he has worked on a number of industrial disasters, including Seveso, Bhopal and Exxon Valdez. He has also seen how environmental regulation works in the US.

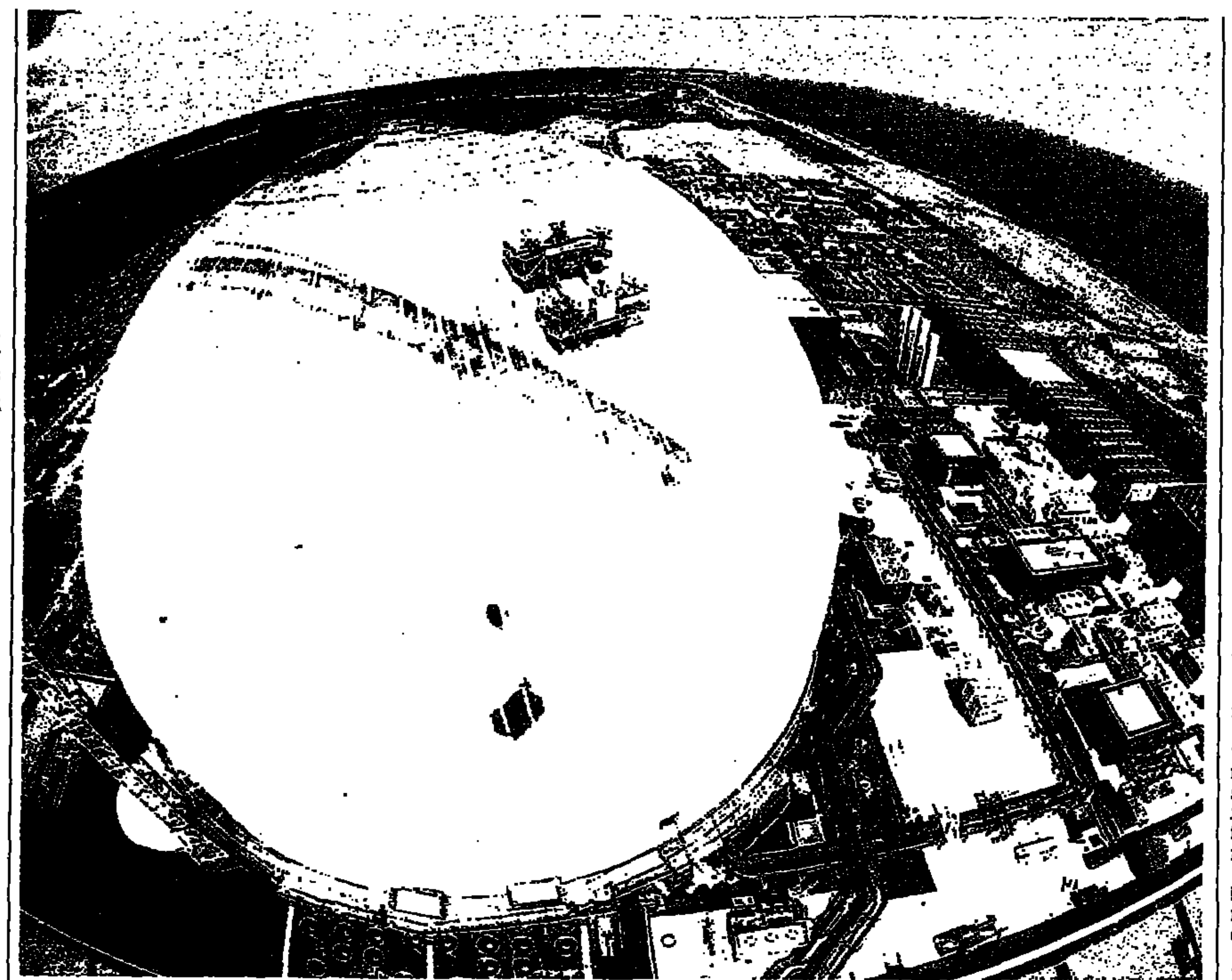
"We don't have the radar gun approach of some of the continental countries. Here people can sit down and talk about the realities rather than being told *'thou shalt'*."

One of Dr Slater's concerns is to weigh the cost and benefits of pollution controls. The orimulsion case was fairly clear cut. Tests showed the fuel was no dirtier than coal or fuel oil, so there was no environmental case for banning it.

Less clear, however, was Dr Slater's reason for allowing the stations to burn the fuel for five years without clean-up equipment. He said it was "unreasonable" to ask the generators to install this equipment straight away, but he will maintain a regular dialogue with the generators to ensure the equipment is ready once the five years are up.

He spends a good deal of time trying to persuade industry of the value of environmental regulation.

He cites examples of companies which made cost savings after being forced to tighten up their waste and emissions. One study project in Yorkshire recruited 11 companies, each identified savings by cleaning up operations. One of them, Coca-Cola & Schweppes Beverage, produced annual savings of £1.6m. It is a question of lining up environmental, efficiency and economic objectives towards the same goal. "It's all basically about eliminating waste," he says.



State-owned Nuclear Electric is nearing completion of Sizewell B, its pressurised water nuclear power station on the east coast of England. The pollution inspectorate is due to decide shortly whether to authorise operations at the station. Picture: Ashley Ashwood

Scottish Hydro forms link with US group

SCOTTISH Hydro-Electric has formed a joint venture with a subsidiary of Marathon, the US oil company, to sell gas to commercial and industrial customers, writes James Buxton.

The joint venture company, Vector Gas, will initially sell gas in Hydro-Electric's electricity license area in the north of Scotland but will later operate in England and Wales.

Hydro-Electric's partner is Marathon Gas which sells gas from the Brae fields in the North Sea, where Marathon Oil is the operator.

Under current gas trading arrangements companies such as Vector Gas will use British Gas's pipelines to supply its customers. The joint venture will supply its first customers in Scotland in October. It hopes to supply domestic customers when deregulation of the gas market allows.

Hydro-Electric is moving into the gas market partly to protect its large share of the market for heating in its franchise area. It later hopes to serve corporate customers on a UK-wide basis with gas in the same way that it supplies them with electricity.

Other electricity companies such as ScottishPower and Seaboard have entered the gas market.

Workers at Jetstream fear big job losses

By James Buxton, Scottish Correspondent

WORKERS at the Jetstream subsidiary of British Aerospace (BAe) yesterday expressed concern that the aircraft manufacturer may be considering large redundancies, after it warned employees it was facing serious difficulties.

Mr Allan MacDonald, managing director of Jetstream, based at Prestwick, western Scotland, told the workforce the company would have to realign "our production programmes with market demand and reduce significantly our operating costs".

Jetstream, he said, would be failing in its responsibility to its investors and undermining its long-term viability if it failed to "take prompt action to stem cash haemorrhaging and minimise production of aircraft for which we have no confirmed customers".

Mr MacDonald said he would be meeting senior executives to review the business and the options open to it.

Jetstream manufactures the 19-seat Jetstream 31 and the 29-seat Jetstream 41 turbo-prop airliners.

Jetstream Aircraft, which employs 2,500 at Prestwick, would not give details of current orders or production.

Mr MacDonald said between 1990 and 1992 worldwide orders for regional aircraft dropped from 451 to 22 aircraft.

He pointed out that redundancies were being implemented or had been announced by aircraft manufacturers including Shorts in Belfast, *Fokker in the Netherlands*, Deutsche Aerospace in Germany and Embraer in Brazil.

Peugeot-Talbot ends 405 output

By Kevin Done, Motor Industry Correspondent

PEUGEOT-Talbot, the UK subsidiary of the PSA Peugeot Citroën of France, is dropping production of the Peugeot 405 at its car assembly plant at Ryton, central England, because of falling car sales in continental Europe.

Production at Ryton is to be limited to one model, the Peugeot 306. output at the plant is being reduced to around 1,600 a week from 1,900 a week earlier this year.

Around 300 jobs are being cut from the workforce of 5,280.

The decision to stop production the Peugeot 405 family car in the UK is a significant setback for the Ryton plant, which only resumed production of two car ranges in January with the launch of the Peugeot 306. The 405 will be imported in future from France.

The Peugeot group is cutting production as part of its overall reduction in output across its European plants in response to the sharp decline in west European new car sales this year.

New car sales in west Europe fell by an estimated 17.7 per cent in the first seven months of the year, while sales in France, where Peugeot's market share is being seriously eroded, have fallen by 17.1 per cent.

Meanwhile, Vauxhall, the UK subsidiary of General Motors of the US, is also cutting output at its two UK assembly plants.

Production of the Vauxhall Cavalier/Opel Vectra at its Luton plant in Bedfordshire is being stopped this week, while night shift production of the Vauxhall/Opel Astra at Ellesmere Port, Cheshire, is also stopping this week.

Vauxhall vehicle output rose by 15.3 per cent last year to a record 301,857. In the first seven months this year it has fallen by 11.1 per cent to 161,792 from 181,919 in the same period a year earlier.

Ford, the biggest UK vehicle maker, which cut capacity in its European plants last year, has also opted for some short-time working.

Production at its Southampton Transit van plant was halfed yesterday with the loss of two shifts, although normal output will be resumed today.

Britain in brief

Procurement agency to be privatised

The Crown Agents, the government controlled procurement, technical and financial services agency, is to be privatised.

Three quarters of its business is already financed from sources other than the UK aid programme. Over the 10 years to 1991, it brought procurement orders worth about £2bn to almost 8,000 UK companies. It manages the equivalent of $4bn on behalf of 300 governments or public bodies.

In February this year, it was appointed by Japan's Foreign Ministry to procure food for distribution in Russia as part of Japan's first emergency humanitarian aid package to former Soviet republics, worth a total of $100m.

Travel agency cuts prices

Thomas Cook, the UK's second biggest travel agency chain, has fired the opening salvo in the campaign for the summer of 1994, offering a 10 per cent discount on all holidays in its new package tour brochure.

Today Thomson, the market leader among tour operators, will launch its 1994 brochure and next week Owners Abroad will add its contribution.

Thomas Cook, controlled by Westdeutsche Landesbank, expects the package holiday market to grow by 10 per cent in 1994, equivalent to an extra 1m passengers.

Consumers repay debt

Consumers continued to repay their debts in the second quarter, with the number of people slightly in arrears on credit repayments falling compared with a year ago. Infolink, the credit information group, reported that the value of an average outstanding consumer credit commitment was 3 per cent lower in the second quarter than in the same period a year earlier.

Warning on retail tax

The government looks increasingly likely to extend Value Added Tax to books and newspapers in its Budget in November Oxford Economic Forecasting warned in a survey of the UK's economic prospects.

The group of economists suggests that VAT on books and newspapers would raise £1.1bn in 1994-95 and push up inflation by 0.3 per cent.

Heathrow rail link agreed

BAA, the UK airports operator, has signed final agreements with British Rail to commence work on the £300m express rail link between Paddington Station and Heathrow Airport.

Office space falls sharply

The amount of available office space in Central London has fallen by 17 per cent from its peak of 34.3m sq ft in mid 1992, according to new figures from DTZ Debenham Thorpe, property advisers.

The figures reflect a gradual pick-up in demand, a sharp decline in the amount of property under construction and the impact of the City bomb in April, which had the dual effect of forcing landlords to withdraw damaged offices from the letting market and prompting tenants to relocate to new premises.

Turnover falls in hotel jobs

Annual labour turnover in the hotel and catering industry fell from around 60 per cent in the late 1980's to less than 30 per cent during the recession, according to the Employment Forecasts Update produced by the Hotel and Catering Training Company (HCTC).

MANAGEMENT: THE GROWING BUSINESS

In a Nutshell

Single market aids larger companies

Small businesses have done badly from the creation of the European single market with, in the early stages at least, most benefits going to large companies, according to a survey* by the 3i/Cranfield European Enterprise Centre.

Fifty four per cent of companies employing fewer than 50 people reported increased competition, while only 33 per cent had boosted exports. Among larger companies (with up to 500 employees) 46 per cent had experienced more competition, but 44 per cent raised exports.

German companies appeared to be planning to make the most of the single market with just over half setting up some form of collaborative deal in Europe. In other countries between 20 and 28 per cent had done so.

Attitudes to Europe. Cranfield School of Management, Cranfield, Bedford, MK43 0AL. Tel. 0234 751122. Free.

A guide to going public

The stock market flotation has returned to favour as a means of raising funds for growth. Many recent flotations have involved companies, many of them management buy-outs, backed by the venture capital industry.

Venture capitalists would once have regarded a trade sale to a larger business as the natural "exit" route from their investments. But fresh enthusiasm for new issues on the part of institutional investors has meant a flotation can result in a better price for the business.

The revised edition of Going Public, a guide* to a London stock market listing by merchant bankers Samuel Montagu explains the methods, timetable and likely cost of such a move. A glossary explains the mysteries of clawbacks, red herrings and the yellow book.

From Jeremy Prescott, Samuel Montagu, 10 Lower Thames Street, London EC3R 6AE. Tel. 071 260 9000. Free.

Asian businesses in Britain are widening their ambitions and their appeal under the influence of a second generation, writes **Khozem Merchant**

Beyond the corner shop

The Prophet motive is paramount at the Halal Meat Company. By observing the Islamic traditions on the slaughter of animals (known as *halal*), the Birmingham butcher says it has maintained its integrity; with a captive Moslem market, its Asian owners say their profit has risen handsomely.

The Halal group has grown rapidly since Hafiz Yaqoob, the founder, passed effective management control to his sons, Zahid and Shahid, five years ago. The brothers have developed the core activity, employed, for the first time, non-Asian managers and launched a range of convenience foods under their own brand name, Mr Halal's Kitchen.

The Yaqoob brothers are among an increasing number of second-generation British-educated Asians taking their small to medium-sized family-run businesses out of the street corner and into main street. But unlike their fathers this new generation is bringing to their ventures a greater awareness of the wider business environment. This is exposing a gulf in business values and sowing the seeds of potential clashes over the conflicting demands of commerce and culture. In any event, their impact is likely to be felt in two broad areas:

- *Internal organisation.* Many Asian-owned businesses were launched as a vehicle for family employment and have been run around shared family responsibilities. Rapid growth over the past two decades has seldom triggered internal changes necessary to manage the larger venture. The management scrutiny exercised by a second generation is often the first time that these companies have undergone such an examination.
- Easing dependency on the ethnic markets many companies were set up to serve, by pitching products further afield.

As in many small businesses, the first thing a second generation does is to create an organised structure and then decide what to develop or ditch, says James Curran of Kingston University and the author of a study on ethnic businesses for the Midland Bank. In Asian-owned companies, he adds, a second-generation is likely to be more receptive to the need for change than would be the case in a traditional mainstream family business.

Reorganising their business was the first task confronting the Yaqoobs when their father's illness forced them into the hot seat. "Most of my 10 years have been spent setting up systems – for finance, sales, shopfloor work and buying, says Zahid Yaqoob, 31, managing director.

Similarly, when Imran Ahmad, 34, took over his family bed-and-breakfast in Newcastle upon Tyne, he found a business resembling some he had studied during his MBA at Bradford University.

Ashley Ashwood

Targeting the mainstream: Zeenat Harnal of Noon Products

"The business had plodded along in a haphazard way. A business plan was never produced. The biggest problem was controlling the books. I started looking at these while on visits from Bradford and was drawn into the business," he says.

One early responsibility for both Imran Ahmad and Zahid Yaqoob was dealing with banks.

Many first-generation Asians recall with indignation their treatment by clearing banks. Mutual accusations of misunderstanding abound. A second generation is undoubtedly more sensitive to the banks' point of view. "I was the essential link between the bank and a business which had to expand. What the banks said [on business plans etc] made sense to me, though not to my father," says Imran Ahmad.

Zahid Yaqoob and Imran Ahmad's overhauls, though on a different scale, led to an unpalatable truth – that to manage a growing business professionally, managers and skilled staff would have to be employed from outside the family or a dependent ethnic labour force. Traditionally, this option has been eschewed. Many such businesses fear losing control and are, in any case, suspicious of outsiders.

Yet this could change. "If you have a professional management, then it will insist on skilled workers and jobs based on merit," says Robert Blackburn of Kingston University and co-author of the Midland report. "In Asian businesses, this is something that only the second generation can introduce."

Competitive pressures are also likely to erode Asian companies' traditionally homogeneous labour force. Better quality products require more skilled workers. That will force many to the wider labour market.

Blackburn says: "There are some special pressures on Asian-owned companies. As a result of a fall in immigration and better education among British Asians, they are going to have to offer improved jobs packages."

At London food manufacturer Noon Products, Zeenat Harnal, a director and daughter of the founder, G K Noon, says only by employing professionals can the company meet the standards set by its biggest client – Sainsbury.

"We have had to employ food technologists, microbiologists for our laboratory and now quality control experts for our BS750 registration [on quality standards]. Our clients welcome this and it reflects our commitment," she says.

Noon Products' foothold in the quality end of the frozen food market illustrates the second area of activity likely to pre-occupy a second generation – easing dependency or even escaping from the narrow consumer base of an ethnic market. More than two-thirds of Noon Products' frozen Indian meals are sold to Sainsbury. Frozen Indian meals are not very popular with Asians. This successful targeting of the mainstream market, says Upkar Pardesi, a small companies specialist at the University of Central England in Birmingham, serves as a useful model.

"The new generation must realise that the only way to grow is by expanding out of the niche market," he says. "A new generation will certainly bring more market focus. But it will only work if it ensures the family business possesses the internal structures to absorb new ideas, products and big orders."

Imran Ahmad achieved "market focus" by moving his B&B away from the student and where his father had opted for an easy return on a largely self-managing business, to the business-client market. He invested about £100,000 in transforming his 12-room B&B into a 27-bedroom hotel. "We made a big qualitative move. The only way to develop was to position ourselves in the growing end of the market."

For Zahid Yaqoob, expanding out of the narrow "Islamic" market was vital. "Our business could not have carried on if we just sold meat to Moslems in Britain." He led the move into value-added products such as Halal burgers and sausages. The company is also assembling a "multi-million pound" project to open abattoirs in Europe to add to the five it runs in the UK and Ireland.

These moves into new markets, allied with big internal changes, can add tension to a management team that straddles different cultures. Imran Ahmad points to irritating management issues such as dealing with builders "who knew there was no one person in charge and sought to exploit it". This, he says, cost the hotel unnecessary expense.

Though many second-generation Asians command a remarkable degree of responsibility at a young age, there is no doubting that the founder remains in overall charge. Zeenat Harnal, 32, leads 60 mainly female production workers; Zahid Yaqoob recruited and heads a team of "proven meat industry managers". Both say they bow to their fathers' word.

So what if differences occur between conservative founders and their dynamic successors? "Internal cultural tensions could affect the market position of a company and ultimately its success," says Ellis Cashmore, of Aston Business School. He cites the example of a large cash and carry business in Birmingham, owned by a Moslem for whom alcohol is prohibited. The owner's son, who was the finance director and also regarded himself as a faithful Moslem, presented a compelling commercial case for selling alcohol, but was overruled by his father.

This is an example of how culture can damage commerce. Marrying these twin imperatives could yet prove a profitable path.

Seeking a new balance

The growing need for small firms to collaborate in research and development, training and even marketing is often in conflict with their urge to compete. So a recent study on how the Mittelstand in the Baden-Württemberg region is dealing with the dilemma is of potentially wider European interest.

The *Mittelstand* is the collective name for the thousands of small and medium-sized companies whose remarkable export success was one of the foundations of Germany's post war economic prosperity. But as Philip Cooke, Kevin Morgan and Adam Price of the Department of City & Regional Planning at the University of Wales College of Cardiff point out * a crisis of confidence has hit the whole sector.

Nowhere is it more evident than in Baden-Württemberg, where one of the biggest threats comes from the car industry's increased tendency to source overseas on the one hand and to deepen relationships with a smaller number of domestic suppliers on the other. In machine tools, the fear is that the Mittelstand is too fragmented to stay abreast of new technologies and to meet the threat of more cost-effective Japanese rivals.

Many companies, however, are sceptical of "horizontal collaboration" as a means of easing the financial burden – the Mittelstand's apparent strength, fierce independence of a dynamic owner-manager, therefore becomes its weakness.

The report examines in detail the state's novel regional innovation strategy, which in contrast with the French *dirigiste* approach tries to establish a new balance between collaboration and competition. It continues to respect the sovereignty of the firm, but with the help of new incentives it encourages companies to recognise the limits of autonomous action.

Formidable problems remain and the most pessimistic think the region's overdependence on the mature auto industry could make it "the Ruhrgebiet of the 21st century".

But the authors say it would be foolish to underestimate the capacity for renewal given the "new mood" and the region's industrial, technical and institutional resources.

**Available for £20 from RIR, PO Box 906, Cardiff CF1 3YN.*

Tim Dickson

TECHNOLOGY

6,000km under the sea

Andrew Adonis on a transatlantic breakthrough for fibre optic cables

A revolution is taking place in the undersea telecommunications cables industry. New techniques for sending traffic through optical fibre are boosting capacity and slashing prices at an extraordinary rate.

A milestone was reached this month with the placing of an order for a transatlantic cable providing 28 times the capacity for roughly the same price as its state-of-the-art counterpart of a decade ago.

The $300m (£200m) order is for a 6,000km fibre-optic undersea system linking Greenhill, Rhode Island in the US, with Land's End in the UK, to be installed in 1995.

Called Tat-12, it was ordered by a consortium comprising British Telecommunications, France Telecom and AT&T of the US jointly from AT&T's own cable manufacturing arm and STC Submarine Systems, the subsidiary of Northern Telecom which is about to be sold to Alcatel of France. The undersea cable market is dominated by AT&T, STC and Alcatel.

Tat-12, for which STC is the leading supplier, contains two fibre-pairs. Each has capacity for 60,000 telecommunications circuits, together sufficient to carry about 600,000 simultaneous telephone calls through a cable little thicker than a finger.

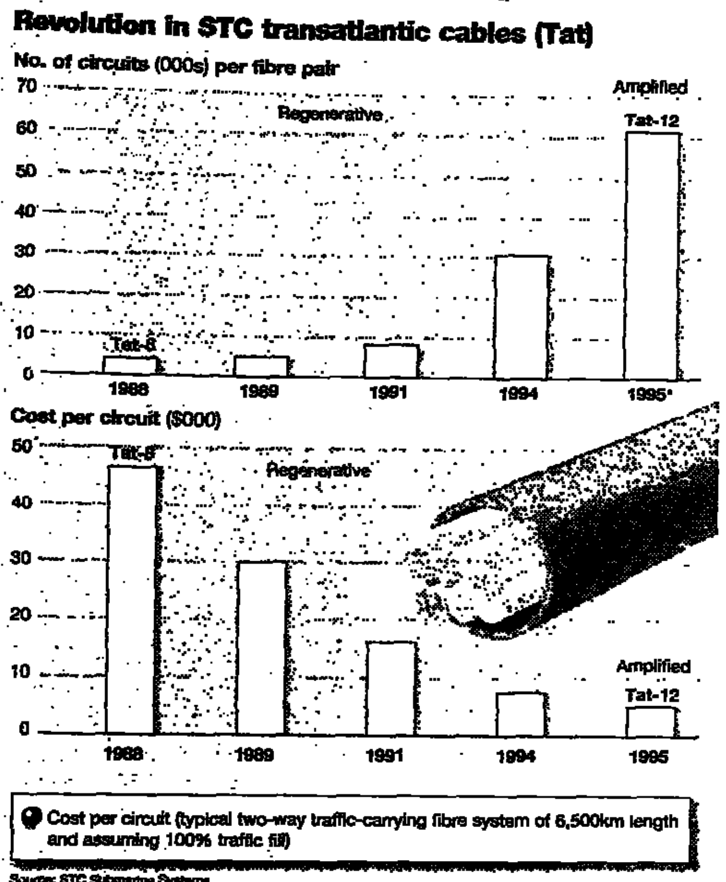
STC's first undersea fibre-optic system dates back only seven years, and its first transatlantic system to 1988. The first generation of fibre-optic undersea systems, including a transatlantic system still under construction, uses the "regeneration" technique to convey signals across long distances of fibre. This requires elaborate, high-speed electronic "repeaters" to be attached to the undersea cable at regular intervals, which re-form the signal and send it on to the next repeater.

The breakthrough was the invention of an optical amplifying mechanism that can pass the signal along the fibre without having to regenerate it, so dispensing with the need for high-speed, sea-bed electronics. Amplification processes are at the leading edge of laser and fibre-optics research, making research and development costs a significant part of each new contract.

In the new system, amplification is achieved by erbium-coated amplifiers – short lengths of fibre leaded with a small amount of the rare earth erbium, inserted at intervals along the transmission fibre and illuminated by high-power lasers to boost the telecommunications signals.

Only basic electronic equipment is required. The effect is to create a "lightpipe" whereby the optical signal put in at one end appears at the other, provided the signal has the requisite wavelength properties.

Revolution in STC transatlantic cables (Tat)



Cost per circuit (typical two-way traffic-carrying fibre system of 6,500km length and assuming 100% traffic fill)

Source: STC Submarine Systems

Tat-12 is not the first STC system to use optical amplification – but it is the first to straddle the Atlantic. STC's first optically-amplified system was "Rioja", an £80m system currently being manufactured for installation between Spain, the UK, Belgium and the Netherlands.

Rioja contains the longest optically amplified cable attempted by STC – a 900km section linking Spain and the UK. At 6,000km, Tat-12 will leave Rioja behind, with the aid of 133 undersea amplifiers.

In terms of capacity, the advance is dramatic. Tat-11, the last transatlantic "repeater" cable installed by STC, has a 560Mbit/second capacity. Conveying 23,000 circuits, it can carry about 115,000 simultaneous telephone calls.

Tat-12, a 5 gigabit/second system, has five times that capacity.

"It is truly a revolution in the way we transmit signals under sea," says Phil Black, STC's technical director. "It means we do not have to develop another generation of high-speed, under-water electronics and gives far greater flexibility and reliability in installation and operation."

Tat-12 is only the start of the revolution. At its plant in Greenwich, south London – where the first successful transatlantic telegraph cable was built in the 1860s – STC is working on a far more sophisticated system able to carry 10m simultaneous telephone calls – enough for the entire population of London to speak at the same time down one cable.

The path to the next plateau is "wavelength division multiplexing". WDM enables a number of optical signals, each at a slightly different wavelength, to be sent down the same optical "lightpipe" at the same time, significantly increasing the number of "channels". Since all the dividing up and sorting out of wavelengths takes place in stations at either end of the cable, there would still be no need for high-speed, undersea electronic equipment.

The story of submarine fibre-optic cables in the last decade casts a telling sidelight on the cost of international telecommunications. STC estimates that the cost of providing a telephone circuit by fibre between London and New York has fallen by a factor of 10 over just the last seven years.

According to its projections, the cost is set to fall by a further factor of 10 over the next five years, courtesy of optical amplification. Approximately 90 per cent of all BT's transatlantic calls travel by cable and just 10 per cent by satellite.

Since 1986, BT's transatlantic call charges have fallen by about 40 per cent in real terms. Transatlantic operators are not slow to boast about their sizeable tariff reductions, but they need to be seen against the background of a dramatic decline in operating and new infrastructure costs.

Greater flexibility and reductions in unit costs do not translate immediately into lower prices. Old equipment has to be serviced and written-off; markets have to be found for new capacity. The whole of London is not going to telephone New York at the same time, however cheap BT's tariffs.

"What is needed is more capacity-gobbling uses," says Black. "With the long-haul use of capacity-demanding applications becoming economically possible, opportunities for broadband applications for transferring data, high-definition television and multimedia, are developing rapidly."

It is not, of course, just the likes of BT and AT&T that need the capacity-gobblers; without them, suppliers such as STC may soon have invented themselves out of business.

Despite assurances that BSE is waning, there is new concern about the epidemic, writes **Clive Cookson**

An outbreak of conflicting opinions

The epidemic of bovine spongiform encephalopathy or "mad cow" disease – which has killed more than 100,000 animals in the UK – is causing a new wave of public concern. New cases are still running at almost 1,000 a week and last month a second dairy farmer died of Creutzfeld-Jacob Disease, a brain disorder similar to BSE.

Richard Lacey, a microbiology professor at Leeds University and the leading critic of government policy on BSE, said the deaths this year of two farmers whose herds had suffered from mad cow disease could not be put down to chance.

He believes that BSE can trigger human brain disease.

"Our worst predictions are coming true," he said. "I find it unbelievable that the government and their hand-picked advisers can go on telling the public there is no danger."

The advisers, led by the government's chief medical officer Kenneth Calman and chief veterinary officer Keith Meldrum, put out a detailed statement to justify their view that last month's death of 65-year-old Duncan Templeman – following that of Peter Warhurst, 61, a year ago – showed "no features that give cause for undue concern".

The official view is that the deaths are an unfortunate coincidence, even though it is statistically unlikely that two dairy farmers should contract a disease as rare as CJD. Robert Will of Edinburgh's Western General Hospital, who has been monitoring CJD in the UK since 1990 on behalf of the health department, calculated that there was only a five per cent probability of even a single case occurring by chance among dairy farmers with BSE-affected herds.

One argument put forward by the health department is that CJD has such a long incubation period – typically 10 to 20 years – that clinical symptoms would not yet have appeared, even if BSE had triggered any cases of CJD. "Since the illness of the cows [in Templeman's herd] and the patient occurred within months of each other, the animals and the patient had presumably incubated disease in parallel for some years," the health department said.

"It is most unlikely therefore that there is any direct link between the cases of BSE and the occurrence of disease in the patient."

Another reassuring argument is that both farmers showed clinical features typical of the "sporadic form" of CJD – of unknown cause – that usually occurs in late middle age.

"I find it unbelievable that the government and their hand-picked advisers can go on telling the public that there is no danger"

The handful of patients known to have developed CJD through infection (from contaminated human growth hormone) showed a different pattern of symptoms.

The second annual report of Will's National CJD Surveillance Unit in Edinburgh, published last month, shows what looks at first sight like a disturbing rise in incidence: from 32 UK cases in the year ended April 1991 to 37 in 1991/92 and 46 in 1992/3. But the report says that this is not statistically significant and is probably due to increasing awareness of CJD (some cases were previously attributed to Alzheimer's or other forms of dementia).

Meanwhile, cattle are succumbing to BSE at a rate of about one per 100 every year. The epidemic continues to defy the ministry of agriculture's predictions that it is about to wane: so far this year there have been 26,695 reported cases, compared with 25,898 to the same date last year.

The source of infection was protein-rich cattle feed contaminated with scrapie, a related brain disease of sheep. Although sheep-derived feeds were banned from sale in 1988, farmers apparently continued to use existing stocks for longer than the ministry had expected. The incubation period is also longer than originally expected.

Veterinary experts say that almost all of the 102,000 confirmed BSE cases so far can be attributed to scrapie-contaminated feed. According to their investigations, maternal transmission from cow to calf – which would prolong the epidemic – is very rare or non-existent.

Scientists trying to understand the epidemic face an unusual problem: BSE, scrapie and CJD are caused by a bizarre, infectious agent, the prion, which does not follow the normal rules of microbiology.

Recent research shows that the prion is an abnormal form of a protein that is normally present in the brain (though its normal function is not yet known). Unlike viruses and bacteria, prions contain no genetic material of their own.

The prion may arise by a genetic mutation (spontaneous or inherited) in the host animal. Or – in the case of BSE – it may arrive from another animal. Once in place in the victim's brain, it catalyses what John Collinge, a prion researcher at St Mary's Hospital Medical School, London, called a slow "chemical chain reaction", converting the normal protein into its own abnormal form. The prion molecule is folded in a way that makes it extremely stable and therefore difficult to destroy by conventional sterilisation.

Experiments show that BSE can be transmitted between species, for example from cow to monkey, by injecting or eating large amounts of infected tissue. But "transmission is dose dependent," Collinge says.

Most independent experts maintain that no human being – dairy farmer or beef eater – is likely to be exposed to BSE in sufficient quantities to develop brain disease.

Portuguese tax on pulp sales unlawful

EUROPEAN COURT

A Portuguese tax on sales of domestic and imported chemical pulp, used to help finance a national institute for forestry products, has been ruled unlawful by the European Court of Justice.

In the context of a preliminary reference on a point of law from a Lisbon administrative court, the ECJ said the tax was contrary to the Rome Treaty provisions relating to customs duties and internal taxes.

The Court said the relevant Rome Treaty provisions were not cumulative. Thus one charge could not be found to be both a customs duty (or a measure of equivalent effect) and an internal tax for Rome Treaty purposes.

In general, the customs duties provisions were relevant to distinctly applicable measures - where, for example, taxes were only imposed on imported products - whereas the internal taxation provisions were relevant to national measures affecting both domestic and imported products.

However, a tax that was distinctly applicable could fall within the customs duties provisions of the Rome Treaty when the revenue from that tax benefited exclusively domestic products which compensated in full the tax paid for the national products.

Where the revenue from the tax only partially compensated the national products, it would be dealt with under the Rome Treaty provisions on internal taxation.

The Court also found that such a tax could be held to constitute an unlawful state aid, but only after the correct procedures had been undertaken by the commission under Rome Treaty provisions. The tax did not, however, fall within the scope of the provisions of the EC treaty relating to the free movement of goods.

C-266/91: Celulose Beira Industrial (Celbi) SA v Fazenda Publica ECJ 6CH, August 2 1993

Member states' obligations under agreements with third countries

The European Court has ruled that national judges should apply Community law on equal treatment between men and women by disapplying any contrary national provisions, except insofar as the application of contrary national provisions was necessary to fulfil obligations arising from an agreement with a third country that predated the Rome Treaty.

The case concerned the employment of women for night work in a *charcuterie* factory. French law prohibits the employment of women for night work. The French law was adopted in pursuance of an International Labour Organisation convention. The director of the factory was prosecuted for breach of the law and the case was referred to the ECJ.

The Court ruled the relevant provisions of the EC equal treatment directive obliged the national judge to apply the rules fully by disapplying any contrary national measure.

But rights and obligations arising from agreements between member states and third countries concluded before the Rome Treaty came into force were not affected by the treaty.

However, to the extent that the agreements are not compatible with the treaty, the member states concerned are obliged to take appropriate steps to eliminate the relevant incompatibilities.

To determine whether a Community principle could be held in check by an earlier international agreement it was necessary first to determine whether the member state still had to fulfil its obligations under the agreement to the third countries concerned.

If the French prohibition on night working had been repealed by later agreements, the Rome Treaty provisions on the non-effect of the treaty on agreements between member states and third countries would not apply. However, it was for a national judge to determine that question.

C-158/91: Ministère Public et Direction du Travail et de l'Emploi v Levy, ECJ FC, August 2 1993

PVC case

The August 3 report of the advocate general's opinion in this appeal may have falsely given the impression that the Court of First Instance's decision had been overturned. The opinion is only indicative and is not binding on the Court which will deliver its judgment later in the year.

BRICK COURT CHAMBERS, BRUSSELS

At the heart of Europe

Robert Rice on the dominance of UK firms in a survey of the top 500

Top 10 law firms in Europe		Top 10 UK law firms	
Clifford Chance	UK	Linklaters & Paines	1
Linklaters & Paines	UK	Lovell White Durrant	2
Slaughter and May	UK	Clifford Chance	3
De Brauw Blackstone Westbroek	Neth	Freshfields	4
Freshfields	UK	Slaughter and May	5
Cleary Gottlieb Steen & Hamilton	US	Allen & Overy	6
Hengeler Mueller Weitzel Wirtz	Germany	Herbert Smith	7
Baker & McKenzie	US	Norton Rose	8
Gide Loyrette Nouel	France	Ashurst Morris Crisp	9
Bruckhaus Westrick Stegemann	Germany	Macfarlanes / SJ Berwin & Co	10=

Source: Euromoney 'Corporates on Lawyers in Europe Survey 1993'

Clifford Chance, the UK's largest law firm, has emerged as the leading provider of commercial legal services in Europe, according to a survey of Europe's top 500 companies.

UK firms took four of the top five rankings in the survey by Euromoney Research. Linklaters & Paines was second, Slaughter and May third, De Brauw Blackstone Westbroek, the Dutch firm, fourth, and Freshfields fifth.

Respondents to the survey also found the UK the most important jurisdiction outside their own country of head office, followed by Germany and France. That was unlikely to change over the next two years, but they expected the importance of Spain, Italy, Ireland, Austria, Poland, the former Soviet Union and Sweden to increase.

In the UK commercial law field, Linklaters was ranked top, followed by Lovell White Durrant, Clifford Chance, Freshfields, and Slaughter and May.

There were 185 respondents to the survey, with offices across 20 European countries. The majority said they were increasing the size of their in-house legal departments, mainly to deal with increased volumes of work rather than to cut costs on outside law firms.

Corporate finance and joint ventures were seen as the most important areas of in-house legal activity, after core company law and contract work. Banking law, licensing, environmental law and tax were seen as areas of growth activity.

The survey shows there is increasing use of international law firms. Almost half of the respondents gave only two-fifths of their work or less to law firms domiciled in the country where their head office was based.

More than 43 per cent did three-quarters of their legal work in-house, and respondents expected that pattern to remain the same over the next two years. Some 80 per cent of respondents did at least half of their general company law work in-house.

The survey confirms the shift in the method of charging for legal services, and the increased interest in alternative billing methods.

Over 40 per cent of respondents still paid for more than four-fifths of their legal work on the basis of an hourly charging rate, with a further 17 per cent stating that between 61 per cent and 80 per cent of their work was paid for on that basis.

However, 36 per cent of respondents now required law firms to provide alternative billing methods. Of these companies, 35 per cent had used volume discounts, 30 per cent had received discounts from the quoted hourly rate, 29 per cent had paid multi-stage fees - where the price increases as different stages of a transaction are reached - and 21 per cent had used fixed fees for a job.

More than 60 per cent of respondents had increased their expenditure on legal services in the last two years.

The survey found the level of fees charged by law firms was not as high as some recent surveys had suggested. A survey by a sister publication, the International Financial Law Review, last year found UK law firms to be the most expensive in the world, charging an average of $585 an hour for legal advice from a senior partner. After the UK, Germany had the most expensive law firms, with top commercial lawyers charging $510 an hour, followed by Switzerland ($445) and Austria ($385).

The most important factor in selecting a law firm was another company's recommendation

But the Euromoney Research survey found the highest charge paid by a respondent for international legal work was $352 an hour and the lowest $150. The average hourly charge for international work was $241. For domestic work the top rate was $320 an hour and the lowest $161, with an average of $195.

The most highly paid in-house lawyer among the respondents received a total remuneration package of $420,000 a year. The average annual remuneration for senior in-house lawyers was $147,721, comprising $106,064 salary, benefits of $17,136 and bonus of $24,521. Junior in-house lawyers had an average salary of $45,071, benefits of $6,089 and $3,208 bonus.

Sponsoring or holding lectures and seminars on specialist topics was rated by respondents as the best method for law firms to market their services, followed by proprietary research, cross-selling of other areas of legal practice, and expert articles in the client-oriented press.

Most respondents received an average of 17 marketing approaches a year from law firms domestically, and an average of 23 approaches internationally. Only 5.4 per cent of respondents had received offers by law firms of free work for a trial period.

In spite of the need to cut costs on legal services during the recession, cost was rated only seventh in order of priorities when choosing a law firm. Companies rated technical ability the most important criterion, followed by domestic capability, understanding of the markets in which firms operated and of the industry's character, senior level support and commercial awareness.

Although much has been made of the international expansion of law firms in recent years, most respondents did not consider international presence as one of the most significant factors in choosing a law firm.

In selecting a firm for the first time, a recommendation by another company or someone whose opinions carried weight was regarded as the most important factor. Companies also regarded a strong general reputation as important.

Only 19.6 per cent of respondents had held "beauty parades" (where they invited a number of firms to make presentations) when choosing a law firm. Most respondents cast doubt on the value of such methods of selection.

Just over 20 per cent of the respondents are headquartered in the UK, followed by just over 10 per cent in Germany and 10 per cent in France. This could partly explain why UK firms were rated much more highly than their continental counterparts.

But there seems little doubt that London remains Europe's pre-eminent legal centre, and that UK firms continue to dominate the European legal scene, in spite of the challenge from large US firms, some of which already feature among Europe's top firms. Of the top 50 European firms overall, 23 are based in the UK or Ireland.

The move by the Big Six international accountants into legal services is also reflected by the survey. In Spain, for example, five of the top 10 providers of legal services were accountants.

Although the survey suggests that size and international spread do not matter, two firms in particular stand out as having benefited both from being bigger and having more overseas offices than other firms.

Clifford Chance, arguably the second largest law firm in the world, not only came top overall, but was rated in the top 10 law firms in Poland, France, the Netherlands and the UK.

Baker & McKenzie the largest law firm in the world was ranked in the top 10 in no fewer than eight European countries - Belgium, CIS, Hungary, Germany, Italy, the Netherlands, Sweden and Switzerland - as well as finishing just outside the top 10 in the UK and France.

Size is not everything, but when it comes to providing legal services in Europe, clearly it helps.

Corporates on Lawyers in Europe Survey 1993, from Euromoney Research, Euromoney Publications plc, Nestor House, Playhouse Yard, London EC4V 5EX, $975

LEGAL BRIEFS

Appeal Court rules on pension funds case

The Court of Appeal last week refused to grant a stay on orders made by Mr Justice Vinelott in the Melton Medes pension funds case at the end of July removing the existing trustees and appointing Mr Neil Cooper and Mr Ipe Jacob, partners in accountants Robson Rhodes, as judicial trustees of the funds.

This is the first time that judicial trustees have been appointed before the substantive case has been heard and underlines the distinction now being drawn by the courts between conventional trusts, where such an order would be impossible, and pension funds.

The Appeal Court, however, granted the defendants a further stay on a pre-emptive costs order made by Mr Justice Vinelott giving the pension fund members the right to use pension fund monies to finance their action for breach of trust against the former trustees. The former trustees, Mr Nathu Ram Puri, Melton Medes chairman, and Mr James Philpotts, chief executive, have 28 days to appeal against the pre-emptive costs order.

It's no joke

Anti-lawyer jokes in the US - such as: "What do you have when a lawyer is buried up to his neck in sand?" "Not enough sand" - have reached such proportions that the American Bar Association is to spend $750,000 on trying to boost the public image of lawyers.

At its annual conference in New York last week, the ABA revealed the results of a survey which show public perception of US lawyers at an all-time low. Only 8 per cent of Americans now have "great confidence" in lawyers, compared with 12.5 per cent two years ago and 24 per cent in 1973. Meanwhile the president of the California Bar Association recently proposed that jokes about lawyers should be made a hate crime.

PEOPLE

Irish Life loses Edmondson to JRIA

John Edmondson, the general manager for development at Irish Life, Ireland's largest life assurance, pensions and investment group, has been appointed as finance director to J. Rothschild International Assurance (JRIA) in Dublin.

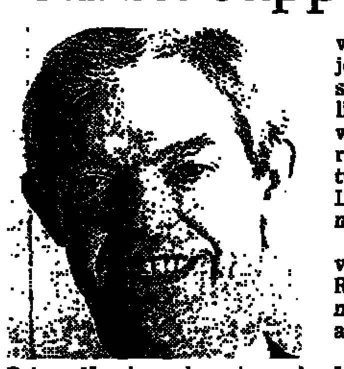
JRIA was set up in Dublin's International Financial Services Centre in January this year to market life assurance products into Europe on behalf of banks and financial institutions.

The 44-year-old Edmondson speaks fluent Russian and has worked with Irish Life for 21 years, working initially in the pensions area of its business and moving up to become the executive in charge of developing its European operations at the end of the 1980s, reporting to David Kingston the group managing director. In 1990, Irish Life acquired a majority stake in David, a Norwegian life assurance and pensions company which sells individual pensions products through savings banks in Norway. It is planning to introduce unit-linked products to the Norwegian market in due course.

Also under Edmondson's direction, Irish Life set up a new insurance operation Xaar, in France in 1992, primarily writing motor and general insurance policies, but is adding on individual life products.

Edmondson will take up his new appointment next month, and will have responsibility for the financial and actuarial aspects of JRIA's activities.

Harris: support for Terminal Five



Brian Harris, who stepped down from the chairmanship of international property consultants Richard Ellis in May, is to become the first chairman of the Heathrow Airport Support Group, set up by the London Chamber of Commerce and Industry and the Geneva-based Air Transport Action Group to support the creation of a fifth terminal at the world's largest international airport. A public enquiry is scheduled for next year, and Harris expects the group to be active for at least five years.

Harris, 61, who lives under the Gatwick flightpath and hence claims to know "a little" about aircraft noise, says it was thought sensible that the job should be performed by someone unconnected with airlines or businesses associated with the airport. He is currently serving the second of two years as president of the London Chamber of Commerce.

A graduate of London University, Harris went straight to Richard Ellis. He became chairman in 1984, and still remains a full-time partner.

He is also on the board of the London First intitiative inspired by Sir Allen Sheppard.

Signs of succession

Meanwhile, Brian Harris's successor as president of the London Chamber next year is Brian Pearce who, at 62, is gradually lightening his commitments at family firm Pearce Signs.

Pearce *père* stays on as executive group chairman, but his 34-year-old son Nicholas, great great great great grandson of Samuel Pearce, who founded the company in 1791, moves from marketing director into the newly created position of deputy chairman.

A chartered accountant who has been at the family firm for the past eight years, Nicholas Pearce says his promotion is "a public statement to the doubters and interested parties that the line of succession is confirmed". He is likely to take over as chairman in about three years' time.

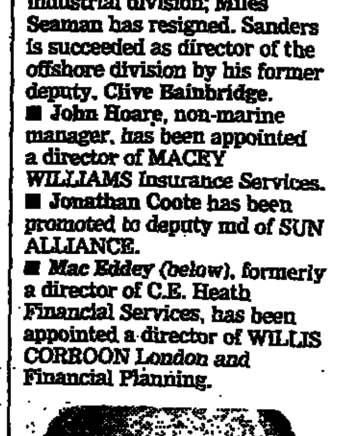
At the same time, Michael Short, who started at the company as Brian Pearce's PA, moves up from group managing director to chief executive, another new position. "It is a recognition of the role he has been performing for the past 18 months anyway," says the seventh generation Pearce.

Pearce has a brother and sister, neither of whom is in the business which is the UK's biggest signmaker with annual sales running at £30m.

He also has two sons, aged four and one. "It is a little early to foist anything on them. If they want to be a doctor and a fireman, good luck to them," he says. "I'm very practical about this. Every new generation into the company is a bonus."

Insurance moves

- David Matcham has been appointed administration director of the INSTITUTE OF LONDON UNDERWRITERS.
- Colin Nugent has been promoted to secretary of ROYAL LIVER ASSURANCE.
- Leonard Campbell, deputy chairman of the Institute of London Underwriters, and John Chandris, chairman of Chandris (England) and Celebrity Cruises, have been elected to the board of LLOYD'S REGISTER and Paul Rawson, financial controller, elected to the general committee and appointed financial director. Neil Forster and Tony Nunn have retired from the board but remain on the general committee. Tony Sanders has been appointed director of Lloyd's Register's industrial division; Miles Seaman has resigned. Sanders is succeeded as director of the offshore division by his former deputy, Clive Bainbridge.
- John Hoare, non-marine manager, has been appointed a director of MACEY WILLIAMS Insurance Services.
- Jonathan Coote has been promoted to deputy md of SUN ALLIANCE.
- Mac Eddey (below), formerly a director of C.E. Heath Financial Services, has been appointed a director of WILLIS CORROON London and Financial Planning.



H.M. The Queen

Anne Cresacre by Hans Holbein (1497-1543)

The Edinburgh Festival

Saints and sinners

William Packer reviews the Holbeins at the Scottish National Gallery

The visual arts have always lived on the margin of the Edinburgh Festival. There have been memorable exhibitions at festival time over the years, but successive directors have seldom put much effort, let alone money, into their preparation and promotion, taking the view that any curator worth his salt would fill his gallery with something special to tempt the visitor.

This year, however, all that has changed. The Festival's new director, Mr Brian McMaster, would clearly have none of it and, for the first time has banished the Scottish National Galleries and Museums, and pretty well everyone else for that matter, to the outer darkness so far as the Festival is concerned, where I hear there has been much wailing and gnashing of teeth. A solitary serious exhibition makes it into the official festival brochure – "The Waking Dream" at the City Art Gallery, a splendid show, it must be said, of a prime selection of historic photographs in the Gilman Paper Company's collection, brought over by the Metropolitan Museum of New York. But this one exception, however splendid, serves only to make the broader omission the more perverse.

Together the galleries in Edinburgh this year hold as strong a hand as for any recent festival. It is all very well for the new director to turn his back on all things visual, but the Festival's literature goes round the world, and who is to know how many potential punters might just have been persuaded to make the trip by the knowledge that the Queen's Holbeins (at the Scottish National Gallery), two centuries' worth of Scottish drawings and watercolours (at the Royal Scottish Academy), and an important show (at the Scottish National Gallery of Modern Art) of early Russian avant-garde painting from Russian museums, and so much else besides, was there in Edinburgh to be enjoyed as well. Whether or not Mr McMaster has cloth ears I leave to my music-critic colleagues to judge, but that he should so arbitrarily visit upon his public the consequences of his having cloth eyes I do feel is hardly clever.

The Holbein exhibition alone is a major event, major enough to be the centre-piece of the entire Festival. It is very small, nothing more than 29 drawings and five miniature paintings that barely fill the smallest of the Gallery's showing spaces, but what it lacks in size is more than made up in its visual impact. There are some 80 drawings in the royal collection, of which these are the principal and most famous examples and, in their strange and peculiar way, they are truly shocking things.

Their capacity to shock is nothing to do with content or subject-matter. Here are simply Tudor lords, ladies or gentlemen as may be, registered in a consistent half-length format that celebrates directly neither their opulence nor power, though all are evidently comfortable. Rather they are presented with a most disarming and intimate naturalism, at it is precisely this quality of naturalism that makes them so shocking. It is a shock of recognition still potent across the centuries, a frisson of shared experience and common humanity. There these people are, young or old, beautiful or ugly, as fresh on the page as the day Holbein sat down to draw them, his friends and acquaintances, in such conversational ease. And with this naturalism, too, we catch perhaps that first shift of sensibility, which marks the cusp between the medieval and the modern. Perhaps it is that which is so shocking.

Holbein made two extended visits to England, the first in 1526 as a young artist in his late twenties, when he came from his home at Basle to work very much under the wing of the King's new Lord Chancellor, in which office he had succeeded the disgraced Cardinal Wolsey, Sir Thomas More and his family. He went home again in 1528, returning to London in 1532 when he began to work rather more in the orbit of the Court itself. This second visit, behind which we sense rather more the looming presence of the King, saw not only the death of More, but the rise and fall of many if his new sitters, these heads, ambitious and wistful by turns, that we know all too well were so soon to roll. And it is by no means fanciful to detect, between the two groups into which the drawings naturally fall, a marked if subtle difference of mood and feeling. It is not so much that the intimacy is any the less, but is there is even so an emotional distance in the late works that was not there before. At ease he might be with the young Earl of Surrey or Sir Thomas Wyatt, and even friends, but yet the engagement is something more of a professional objectivity. With More and his family we cannot but feel that the artist felt himself entirely at home, and in such delicate images as those of More's ward, the youthful Anne Cresacre, or of Cicely Heron, his daughter, we have drawings of an immediacy and tenderness as any in the entire canon of western art.

Technically the drawings are no less astonishing, worked as they are with an extraordinary economy of line and a quality of modelling through the form that leaves as much described by inference as actual statement. Many of the drawings of the later period are heavily reinforced in the outline in black ink. This was long thought to be an effort at restoration by a later, heavier hand, and the question is still controversial. But these are the working studies of a portrait painter, and it does seem that Holbein shifted from his earlier pin-prick method of transfer to one of actual tracing over a prepared ground. The key lies perhaps in the quality still evident for the most part in that tracing hand, the line still lively and effective in its inflection. Holbein is still there.

Holbein and the Court of Henry VIII: drawings and miniatures from the Royal Library at Windsor; The National Gallery of Scotland, The Mound, Edinburgh, until September 26: sponsored by Capital House

Opening concert sets the theme

The opening concert at Edinburgh sets the festival theme. A featured composer has always tended to be part of the music programme, but as the number of festivals proliferates, it is increasingly important for artistic directors to make sure that their festival looks different from the others.

In his first year as Festival Director, Brian McMaster made 1992 the year of Tchaikovsky, cannily anticipating his centenary before other festivals could get in. This year he has avoided all three of the big anniversary composers (Grieg, Tchaikovsky, Rakhmaninov), which has turned out to be unnecessarily cautious, as nobody else is paying them much serious attention either. In their place we have Schubert and Janáček.

The festival programme describes the two composers as a "complementary and contrasting coupling". This is another way of saying they have nothing in common. One was central to the Austro-German tradition; the other wholly outside it. One was a composer of youth; the other nearly 50 when his first major work was performed. Janáček is remembered primarily for his operas, a genre in which Schubert never enjoyed much success. At least the festival audience will have varied fare on its menu.

If I had been planning the festival, I would have opened with Janáček's *Sinfonietta*, which bursts into life with a blazing fanfare of massed trumpets. McMaster preferred the suite derived by Václav Talich from the opera *The Cunning Little Vixen*, a misleading start as the music sounds more like Strauss in Talich's heavily romantic reorchestration.

The welcome novelty of the evening was a rare cantata by Janáček called *Amarus*. Outcast because the local community has turned against his mother, a young man is consigned to a monastery, where he lives a miserable life until he dies one day on his mother's grave, after watching a pair of young lovers. All the Janáček themes that were to become familiar are here: social prejudice, death as a release from suffering, the renewal of life. But the music is strangely stagnant, except when it hits upon a perky little theme for – of all things – the poor man's funeral march. Stefan Margita sang the tenor role of Amarus without excessive morbidity.

To end: not Janáček's *Glagolitic Mass*, as might have been expected, but Schubert's lyrical Mass in A flat – fairly unfamiliar music again. The Edinburgh Festival Chorus claims the opening concert by right and sang with all its usual fervour, though smaller professional choruses these days can bring to music of this period a sharper focus and greater exactitude of pitch. Walter Weller conducted the Royal Scottish National Orchestra and a good quartet of soloists, led by Yvonne Kenny, with the mellifluous trio of Fiona Janes, John Mark Ainsley and Andreas Schmidt in support.

In retrospect, there is one feature that these two composers have in common: both wrote interesting pieces of music that deserve a wider hearing. The prospect of spending the three weeks of the festival in their company raises one's spirits.

Richard Fairman

The Brecon jazz festival jumps with talent into the early hours

Garry Booth enjoys the Golden Men and much more in the Welsh hills

The glorious contrasts and incongruities of the Brecon Jazz Festival set it apart from the more urbane, metropolitan happenings of summer. Trad mayhem, swing and bebop permeate the comfortably fraying fabric of the Welsh market town, running together happily. While a samba army rattles the sash windows of The Bulwark, a street-corner barber's-shop quartet holds its own against the spiky young fusionists in the museum car park bandstand. In the main square, two apprehensive Chet Baker soundalikes are scattered from their busking pitch by a weighty New Orleans marching band advancing noisily from the top of the town.

Hastily regrouping before their audience is carried along in the band's wake, they turn to find a second, bigger band bearing down on them, at full steam, from the other end of town.

This year's contrasts were carried into the concert hall programming: at midnight on Friday, pianist Hank Jones' Trio could be found dispensing sweet standards in the tranquil setting of Christ College's school hall, while Julian Joseph and his quartet drowned out the late-night boozers in the Guildhall with their energetic British neo-bop. Earlier, in the cavernous market hall, which smelled less of sheep this 10th anniversary year, Lionel Hampton swung his Golden Men of Jazz with the kind of vim you would not reasonably expect of any 85-year-old other than Hamp (except maybe Stephane Grappelli, who climbed on to the same stand on Sunday).

Helped in his directing by trombonist Al Grey, splendid in pith helmet and wing collar, Golden Men, such as trumpeters Harry "Sweets" Edison and a languid Clark Terry were pushed along by the vamping piano of Junior Mance, Arvell Shaw on bass fiddle, and the singing drummer, Grady Tate.

If Hamp looks frail negotiating the stairs to the stand, he is rejuvenated when reunited with the vibes. More than that, he is difficult to dislodge once the swinging starts. "We'll be back," he said as Grey tried to prise his sticks from him for the interval, "we gonna feed the sheep."

As Hampton was reluctantly leaving the stand, a sprint across town was needed to catch Hank Jones meshing neatly with drummer Idris Muhammad and bassist Heyn van der Geyn. Romantic but fleet pianist, moving from Weill to Kern via Joe Henderson, the equilateral sound of the trio is both tight and soothing.

McCoy Tyner, in a rare solo performance, later filled the same space with torrential originals and supercharged standards. Gathering up fistfuls of notes with the right and throwing down clumps of chords with the left, Tyner burns with ideas: even when the musical firework is not exploding, the shapes and hues in each hiatus are hypnotic.

Trumpet players at either end of the gravitas spectrum were well represented. Australian multi-instrumentalist, James Morrison, comes over like a ribald Muppet but plays the horn like Gabriel. His self-deprecating wit - "we don't do requests... unless we're asked" – and unstinting mickey-taking of brother John, the drummer, belie an indecent mastery of trumpet, flugel, trombone and euphonium. "Things Aint What They Used To Be" featured Morrison duetting by himself, trombone multiphonics in one hand and searing trumpet in the other. If it were not for the brother mugging furiously behind, it could almost be too much of a good thing.

Trumpet virtuoso, Wynton Marsalis, is sometimes criticised for being too good at too much. The control and purity of tone required for the concerto have no place in jazz, say the unconverted. Jazz favours a flawed beauty, according to conventional wisdom, and although Marsalis is steeped in the New Orleans tradition, he has insufficient demons to progress the genre, they say. But with these six young men around him, he convinces me: wailing through a marching blues, alongside the caustic clarinet of Walter Blanding, swaying in a funereal dirge with Wycliffe "Pine Cone" Gordon on plunger-muted trombone, or zipping through a bebop piece with the full ensemble in tight harmony, he is hard to fault in any department.

The superstars do not steal the show entirely at Brecon, however. And the pubs, hotels and temporary stands around town jump with talent until the early hours. Flying ants, intrusive BBC crews and the ubiquitous pavement pizza aside, Brecon remains nigh-on jazz heaven.

Promenade concerts

Takemitsu and Maxwell Davies

The title, *From me flows what you call Time*, was the most cumbersome thing about the Toru Takemitsu work performed at the Albert Hall (British premiere) on Saturday. In other respects, any more picturesque offering from this year's BBC Proms schedule is hardly imaginable.

Written for the Canadian five-man percussion ensemble Nexus to play with the Boston Symphony Orchestra during the 1990 celebrations of the New York Carnegie Hall's centenary, the piece developed its musical rationale (and title) out of the Japanese composer's vision of "100 years of time flowing through the man-made space, so full of special meaning, called Carnegie Hall". The result is an "architectural" composition – designed (as were, say, Berlioz's *Grande Messe des morts* or Messiaen's *Couleurs de la cité celeste*) to fill out a large space in a manner combining spectacle, ritual, and a vibrant awakening of the space in question.

The Albert Hall is always an ideal space for such awakenings; and certainly, it afforded ample room for Takemitsu's 30-minute rainbow of sonorous effects. The five Nexus players, each one an extraordinary virtuoso, entered one by one with bells in hand to join the already-playing orchestra (BBC Symphony under Andrew Davis); their five widely-separated banks of exotic percussion instruments formed part of the visual fascination (the front two each connected by long coloured streamers to a set of wind-chimes hanging "stereophonically" from left- and right-hand balconies).

In a sense, the music is no more than a five-person percussion concerto, simply shaped in its connected movements, with diverse exquisite combinations of soloists (some improvised upon a basis of "free" notation) set against a light, airy orchestral background (surprisingly sweet-toothed and succulent at times). In another and perhaps more important sense, it seems to be a tapestry of responses to the natural world, evoked in contemplative mood and designed with masterly and entirely unobvious skill to achieve the same in its listeners.

In a clever feat of Proms planning, Saturday's programme (which also included Mozart and Tippett) balanced the Takemitsu with another musical act of nature contemplation, albeit of a very different – western late-Romantic – kind. Janice Watson, a young lyric soprano of boundless potential, sang the closing scene from Strauss's opera *Daphne* in tones remarkably unforced and steady, not sumptuous but always cleanly floated. Her final wordless arabesques – Strauss's lambent evocation of a woman turned into a laurel tree – were pure delight.

Max Loppert

The Prom on Friday brought the return of a major British work from the 1980s. The Second Symphony of Peter Maxwell Davies was heard at the Proms shortly after its Boston premiere in 1981 and memories of it as a large-scale symphony that was easy to approach were largely borne out.

Not that one would have thought so from the audience response. At the end of the first movement a large number of people (more than 100) left their seats and headed for the exit door; after each of the second and third movements the ritual was repeated, as a mass departure gathered momentum. Davies was conducting the performance and from the podium he watched the audience disperse with a wry smile and no small measure of patience.

The irony is that the Davies we hear in this symphony (unlike the younger composer with his fondness for parody and violence) is consciously trying to beguile the senses. References to Debussy's *La Mer* in the programme were well chosen. The wavelets of wind scales trickling away at the end of the first movement, the glitter of percussion, the aqueous clarity of the orchestral textures – everything has an impressionist feel to it.

According to the composer's own description, the symphony was inspired by the sounds and behaviour of the sea. Various wave-types are detailed as being especially formative, although I doubt that a listener could pick out much of that without being told in advance. What one hears is rather less than a symphony, more the ebb and flow of imaginative washes of sound. There is little strong thematic material in the foreground, but the general ambience is very expressive.

It seems best to take it on trust that the BBC Philharmonic's performance went according to the composer's wishes. The attractive features of the symphony, not to mention its scale, suggest that this is a Davies work that should still be in circulation a further decade hence, by which time one hopes the audience will be prepared to hear it through.

Richard Fairman

INTERNATIONAL ARTS GUIDE

AMSTERDAM

Concertgebouw Tonight: Marc Albrecht conducts Gustav Mahler Youth Orchestra in works by Musorgsky and Bruckner, with Dmitri Hvorostovsky. Tomorrow and Sun: violinist Thomas Zehetmair directs Amsterdam Bach Soloists in concertos by Bach and Handel. Fri: Arpad Joo conducts the Brabants Orchestra in Wagner, Tchaikovsky and Brahms, with piano soloist Rian de Waal. Sat: Riccardo Chailly conducts Royal Concertgebouw Orchestra in Tchaikovsky and Dvorak, with piano soloist Lazar Berman (24-hour information service 675 4411, ticket reservations 671 8345)

ANTWERP

An international festival for cathedral boys' choirs takes place at various churches from Aug 22 to 29. Borodin Trio gives a concert at deSingel on Aug 25. Oslo Philharmonic Orchestra conducted by Mariss Jansons give a concert on Aug 30 (Antwerp 93: information from Grote Markt 29, B-2000 Antwerp, tel 03-226 9300; booking by telephone from Tele Ticket Service tel 070-233233 or in person at FNAC, Groenplaats, 2000 Antwerp)

ATHENS

The final performances of the season at the Ancient Theatre of Epidaurus are on Sat and Sun, when State Theatre of Northern Greece presents Aeschylus' The Seven Against Thebes. Tickets are available daily at the Athens Festival box office (322 1459) or at the theatre of Epidaurus on Thurs, Fri and Sat (0753-22006)

CHICAGO

RAVINIA FESTIVAL
Tonight, tomorrow, Thurs: Zubin Mehta conducts Israel Philharmonic Orchestra in three different programmes, including Beethoven's Violin Concerto (Pinchas Zukerman) and symphonies by Bernstein, Sibelius and Mahler. Fri and Sat: Broadway comes to Ravinia, with selections from Sondheim, Lloyd Webber and others performed by the festival orchestra, chorus and soloists. Sun: Fats Domino. Next Mon: Jean-Pierre Rampal flute recital. The festival runs till early September. All concerts are broadcast to the lawn for outdoor listening. Lawn admission is always available (Tel 312-728 4642 Fax 708-433 4582)

COPENHAGEN

Tivoli Tonight and tomorrow: Paavo Berglund conducts Chamber Orchestra of Europe in two programmes including symphonies by Haydn, Beethoven and Sibelius. Thurs: Cheryl Studer sings Italian opera arias. Fri: Jessye Norman song recital. Sat: Claus Peter Flor conducts Danish Radio Symphony Orchestra in works by Beethoven, Mozart and Mendelssohn. Aug 25: concert performance of Verdi's Otello. The summer concert season runs till Sep 19 (3315 1012)

LONDON

THEATRE
● An Inspector Calls: Stephen Daldry's award-winning National Theatre production of the J.B.Priestley classic transfers to the West End for a limited season. Previews from Sat, opens Aug 25 (Aldwych 071-836 6404)
● A Connecticut Yankee: New Shakespeare Company's revival of a rare Rodgers and Hart musical, performed in the garden setting of Regent's Park. In repertory with two Shakespeare plays, Romeo and Juliet and The Taming of the Shrew. Season runs till Sep 11 (Open Air 071-486 2431)
● Time of My Life: a serious new Alan Ayckbourn play, with Anton Rogers and Gwen Taylor (Vaudeville 071-836 9987)
● The Cenci: a tragedy in blank verse by the English Romantic poet Percy Bysshe Shelley, his only completed stage play (1819). Previewing tomorrow, opens on Thurs, runs till Sep 11 (Lyric, Studio 081-741 2311)
● Much Ado About Nothing: Shakespeare's romantic comedy directed by Matthew Walcus, starring Janet McTeer and Mark Rylance (Queens 071-494 5040)
● Macbeth: final week of Richard Eyre's production with Alan Howard as Shakespeare's anti-hero. National Theatre repertory also includes The Madness of George III, Alan Bennett's award-winning history play starring Nigel Hawthorne (National 071-928 2252)
● Separate Tables: Peter Bowles and Patricia Hodge in Peter Hall's production of the Terence Rattigan double bill about hotel guests trying to come to terms with the ageing process and loneliness (Albery 071-867 1115)

MUSIC
South Bank Centre Tonight and tomorrow in QEH: North Indian classical music, with Munshi Raziuddin Ahmed and group. Tomorrow, Thurs, Fri, Sat, Sun, Mon in RFH: Steve Reich's The Cave, music and video-theatre epic based on the biblical story of Abraham and the Cave of the Patriarchs, performed by 13 musicians and four singers in front of five huge video screens (071-928 8800)
Royal Albert Hall BBC Proms: in tonight's concert, Sian Edwards conducts Docklands Sinfonietta in works by Pärt, Britten, Dallapiccola and Mozart, with soprano Joan Rodgers. Tomorrow: Kurt Sanderling conducts ECYO in Brahms and Rakhmaninov. Thurs at 19.00: Andrew Davis conducts BBCSO in world premiere of Nicholas Sackman's Hawthorn, plus works by Koechlin, Prokofiev and Debussy. Thurs at 22.00: Wynton Marsalis Band. Fri: Jerzy Maksymiuk conducts BBC Scottish Symphony Orchestra in works by Mendelssohn, Sibelius, Rakhmaninov and Kodaly, with piano soloist Jean-Philippe Collard. Sat: Stephen Kovacevich conducts National Youth Chamber Orchestra. Sun: Davis conducts BBCSO and Chorus in Delius, Ireland and Elgar, with Thomas Allen, Jean Rigby and Kathryn Stott. Next Mon and Tues: Mariss Jansons conducts Oslo Philharmonic (071-589 8212)

PRAGUE

● The new season at Prague State Opera opens on Thurs with La traviata, followed by Rigoletto, Il trovatore and Un ballo in maschera. Booking at Bohemia Ticket International (261889/228738). The National Theatre reopens on Sep 6 with Smetana's The Secret (205364). There will be a series of Mozart opera performances at the Estates Theatre next month starting with Die Zauberflöte on Sep 7 (228658)
● Prague Male Chorus gives a concert today at 17.00 at St Mikulas Church in Mala Strana, with a programme including works by Petr Eben and other living Czech composers. The music programme over the coming week includes a concert by Traditional Jazz Studio tomorrow and a recital of Haydn, Beethoven and Dvorak by Kubin Quartet on Thurs. Tickets and information from FOK, U Prasne brany (232 2501)

WASHINGTON

THEATRE
● The Kentucky Circle: Robert Schenkkan's tale of three families who settle, feud and die for the hills and hollows of eastern Kentucky. The play, divided into two parts played on separate evenings, spans 200 years of American history, with a cast of 20 portraying 72 roles. Opens on Sat and runs till Oct 23 (Kennedy Center Eisenhower Theater 202-467 4600)
● Down the Road: Lee Blessing's psychological drama examining America's obsession with violence. Till Aug 28 (MacDougal Street Repertory Company at District of Columbia Arts Center 301-608 2440)
● Shadowlands: a love story by William Nicholson based on the life of C.S. Lewis and his American wife. Till Sep 5 (Olney Theater 301-924 2739)
● Kvetch: Steven Berkoff's comedy opens on Thurs and runs till Sep 26 (Woolly Mammoth 202-393 3939)

MUSIC
Wolf Trap Thurs and Sat: Wolf Trap Opera Company presents Le nozze di Figaro. Fri: Statler Brothers, country music. Sun: Judy Collins. Next Tues: Natalie Cole (1624 Trap Road, Vienna, Virginia, 703-218 6500)
Merriweather Post Pavilion Tonight: The Beach Boys. Tomorrow: BB King Blues Festival. Sat: Doobie Brothers. Next Tues: Dance Theatre of Harlem. Aug 30: Jethro Tull and Procol Harum (301-982 1800)

ROTTERDAM

De Doelen Tomorrow: Marc Albrecht conducts Gustav Mahler Youth Orchestra in Bruckner's Fifth Symphony. Next Wed: Rotterdam Philharmonic Orchestra. Aug 30: Andras Schiff (217 1717)

ARTS GUIDE

Monday: Performing arts guide city by city.
Tuesday: Performing arts guide city by city.
Wednesday: Festivals Guide.
Thursday: Festivals Guide.
Friday: Exhibitions Guide.

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Wednesday Super Channel: Financial Times Reports 2130
Thursday Sky News: Financial Times Reports 2030; 0130
Friday Super Channel: European Business Today 0730; 2230
Sky News: Financial Times Reports 0530
Saturday Super Channel: Financial Times Reports 0930
Sky News: West of Moscow 1130; 2230
Sunday Super Channel: West of Moscow 1830
Super Channel: Financial Times Reports 1900
Sky News: West of Moscow 0230; 0530
Sky News: Financial Times Reports 1330; 2030

Powers of an invisible man

Peter Schmidhuber, EC budget commissioner, talks to **Lionel Barber** about the cash crisis

Throughout his five-and-a-half years as European Community budget commissioner, Mr Peter Schmidhuber has been virtually invisible to the public eye.

A master of the long and winding subordinate clause, his ponderous manner and penchant for grey suits fit the popular image of the German public servant dedicated to fulfilling the most thankless tasks, in his case supervision of the annual Ecu68bn budget.

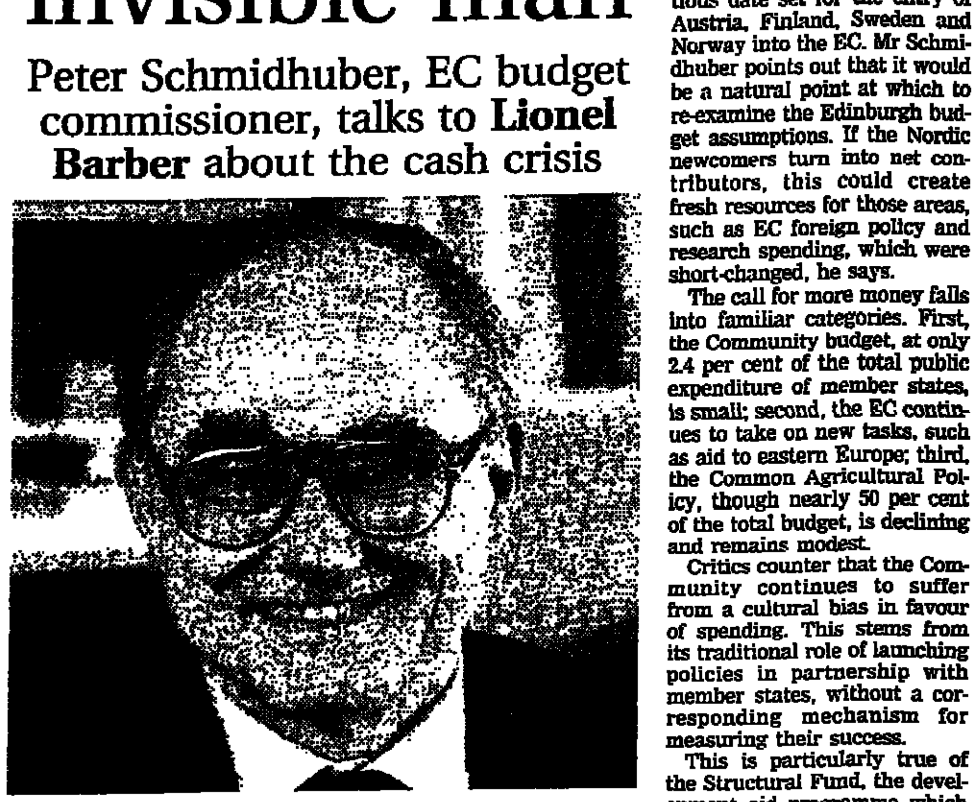
Yet there is another side to Mr Schmidhuber, which belies his reputation as one of the least inspiring members of the European Commission. A native Bavarian, he has a stubborn streak which bursts into occasional declarations of independence.

He boycotted the emergency session called by Commission president Mr Jacques Delors 12 days ago to discuss the exchange rate mechanism debacle. He let it be known the meeting was more a talking shop than a decision-taking forum, and remained in his vacation home in the Austrian Alps.

Mr Schmidhuber's independent character also means that he is receptive to ideas which might be shunned by some commissioners. For instance, he has long been an advocate of Austria's entry into the Community, arguing that membership would strengthen its ties with south-eastern Europe, including the Balkans. He has also suggested that the 17 commissioners should be elected directly by the European Parliament, a step which would diminish national patronage but would make the Commission more accountable.

What is most striking about Mr Schmidhuber's EC career is how he has exploited his low profile to accumulate power in the Brussels bureaucracy.

Mr Schmidhuber plays several important roles. His main job is chief financial controller, monitoring how and where the Community budget is spent. But he is also in charge of the Community's fight against fraud. And last year he took over responsibility for the Cohesion Fund, which will hand over more than Ecu15bn to Greece, Ireland, Portugal and Spain over the next seven years to enable these poorer EC member states to meet Community environmental standards and improve their transport and communications infrastructure.



EC

Schmidhuber: 'He who bears the cross will attain salvation'

His immediate task is to tackle the latest EC financial crisis, triggered by lower-than-expected growth and the recent debacle in Europe's currency markets, which has led to a devaluation of the Ecu – the currency in which most of the Community's budget is denominated.

Spending constraints have forced the Commission to freeze 965 posts and rigorously enforce expenditure limits. Staff have started complaining that broken-down equipment such as photocopiers are not being replaced, while core activities such as trade missions are suffering because of travel cuts.

Schmidhuber has exploited his low profile to accumulate power in the Brussels bureaucracy

The squeeze is set to continue next year because of a surge of almost 20 per cent in pension costs. The reason: young Eurocrats who entered the European Economic Community in 1958 after the Treaty of Rome are now approaching the retirement limit of 60.

"We are already feeling the pinch," said Mr Schmidhuber in an interview before the effective collapse of the ERM, "but there is a saying in Germany: 'He who bears the cross will attain salvation'."

Mr Schmidhuber's designated cross is the European Parliament. MEPs are pressing for more influence over the budget, partly in anticipation of new powers on "co-decision" which the parliament will gain once the Maastricht treaty is ratified by all 12 member states. But the present impasse also points to unfinished budget business at last December's summit in Edinburgh.

Although EC leaders agreed to a seven-year budget deal which raised spending from 1.2 per cent of Community gross domestic product to 1.27 per cent by 1999, parliament is withholding approval. MEPs are sticking to two demands: an increase in influence in shaping non-discretionary spending, such as the Ecu35bn farm budget; and a "revision clause" allowing for a fresh look at spending levels on January 1 1995.

This is the somewhat ambitious date set for the entry of Austria, Finland, Sweden and Norway into the EC. Mr Schmidhuber points out that it would be a natural point at which to re-examine the Edinburgh budget assumptions. If the Nordic newcomers turn into net contributors, this could create fresh resources for those areas, such as EC foreign policy and research spending, which were short-changed, he says.

The call for more money falls into familiar categories. First, the Community budget, at only 2.4 per cent of the total public expenditure of member states, is small; second, the EC continues to take on new tasks, such as aid to eastern Europe; third, the Common Agricultural Policy, though nearly 50 per cent of the total budget, is declining and remains modest.

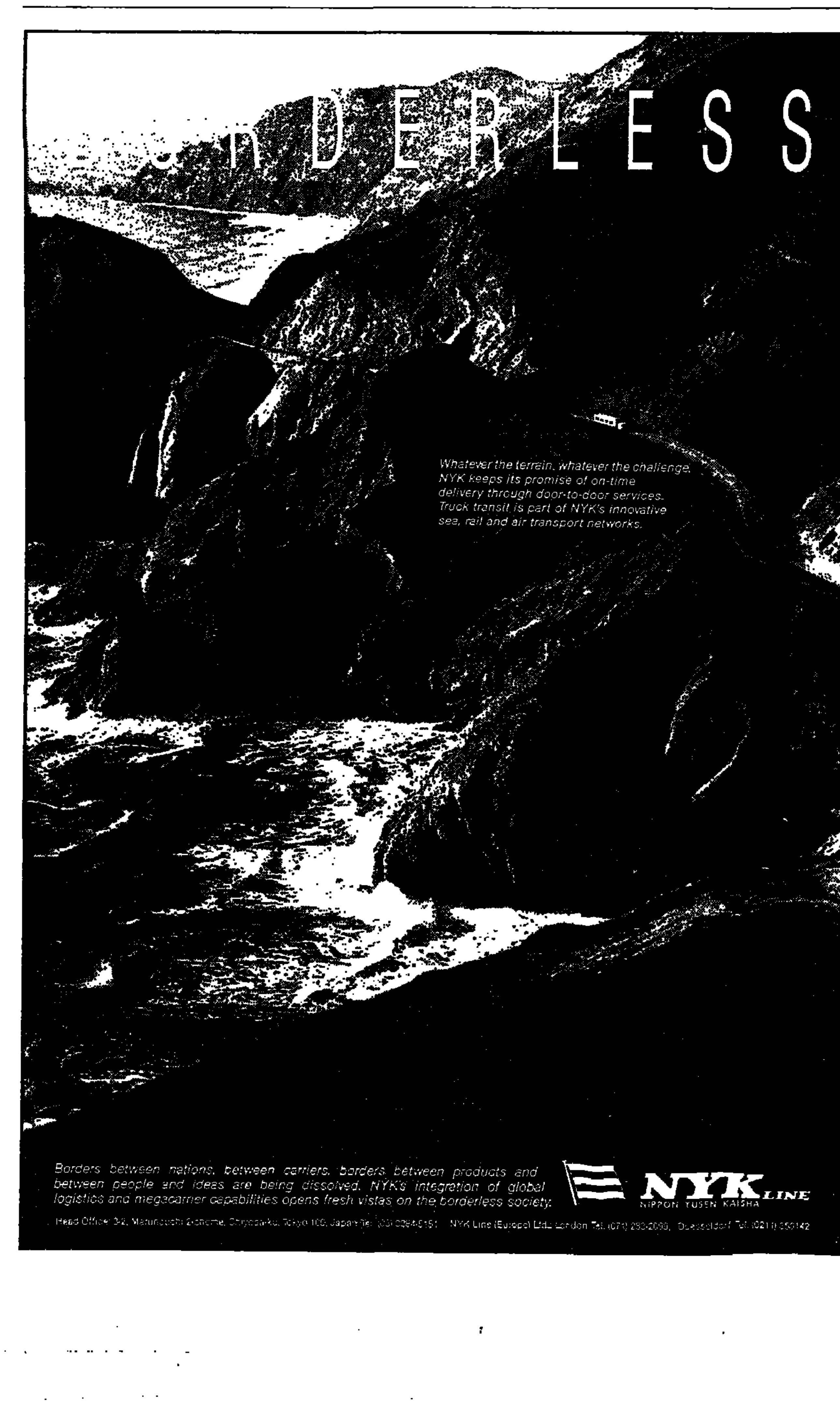
Critics counter that the Community continues to suffer from a cultural bias in favour of spending. This stems from its traditional role of launching policies in partnership with member states, without a corresponding mechanism for measuring their success.

This is particularly true of the Structural Fund, the development aid programme which with a budget of Ecu141.5bn between 1994-99 is designed to help the EC's poorer regions; but it also explains why billions of Ecus have been wasted in the agricultural budget in various milk, olive oil and tobacco scandals, mainly in the Mediterranean countries.

Mr Schmidhuber says studies on Structural Fund spending are carried out every three years, but he concedes that clear answers are elusive. "If you run a bicycle shop, you can tell after a year whether it was a good idea or not. You can tell if you made a profit or a loss. But it is not that easy with public investment."

Yet the Maastricht treaty's emphasis on "subsidiarity" – devolving responsibility from Brussels to national and local level – must surely force the Commission to develop new types of management skills and better information flows to establish whether EC policies are working.

Mr Schmidhuber suggests that the increasing use of external consultants shows the Commission is moving in the right direction. But even the low-key commissioner admits that much more needs to be done.



The chancellor's dilemma: an inside view

Painful adjustments

Why have we, as a nation, chosen to borrow so much? Why are we living beyond our means by about 3 per cent of our national income? There is a simple explanation.

In the 1980s our spending habits were based on a national income boosted by oil revenues. In 1986 the value of the oil rents halved when the oil price fell. Revenue has subsequently fallen further as oil output has declined. We have failed to adjust our spending to that loss of income. Our balance of payments went into deficit in the late 1980s and has been in deficit ever since.

The economic adjustments required by the arrival and departure of North Sea oil are complex. When the oil revenues first arrived the resulting balance of payments surplus, and optimism about its future, drove up the exchange rate. Manufacturing industry shrank in consequence, and we had a national debate about the perils of industrial decline.

What will happen, people asked, when the oil runs out, and we haven't enough capacity to export manufactures instead? The answer, obvious to many economists but received with scepticism by businessmen, is that if a high exchange rate can cause manufacturing industry to shrink, a low one can cause it to expand. As the oil revenues dwindle, the exchange rate will fall, and manufacturing industry will expand again.

Until 1986, when Britain had a large and growing unearned income from its oil rents, we all enjoyed extra spending power which came to us in two ways: the government's oil revenues allowed it to hold taxes lower than would otherwise have been the case, while the high exchange rate made imports cheaper. So we could afford to import goods previously made here and use the domestic resources thus freed to improve living standards by providing more services.

That is what has happened in every country or region that has benefited from a mineral discovery. It was not a coincidence that thousands of new restaurants opened in the UK in the 1980s while local industries went to the wall. The same has happened after every gold rush in history.

But when the mineral boom is over and the rents start to dwindle, the supply side of the economy needs to readjust. More goods and services have to be produced for sale abroad. The only way of achieving that is via a fall in the exchange rate, which shifts resources previously producing goods for domestic consumption into the export sector. In the UK case, as we shall see, that probably means shifting resources out of the service sector and back into manufacturing industry.

The puzzle is why we had to wait until 1992-93 before adjusting to the 1986 fall in the oil price

In other words, the loss of the oil revenues means a reduction in our standard of living. And that comes about in two ways: a lower exchange rate makes imports more expensive, and higher taxes reduce disposable incomes.

I have no doubt that economic historians will see the fall in the exchange rate last September after sterling's exit from the exchange rate mechanism and the subsequent increases in taxes as part of an inevitable adjustment process to the loss of the North Sea revenues. The only puzzle in this neat story is why we had to wait until 1992-93 before adjusting to a fall in the oil price which took place as long ago as 1986.

In fact the exchange rate *did* fall in 1986. But the fall was quickly reversed by the boom of the late 1980s which generated worldwide interest in what was briefly dubbed the British miracle. Mrs Margaret Thatcher (as she then was) won a third term of office, taxes were cut, growth accelerated, and international companies stampeded to invest in the UK. The inflow of capital drove up the exchange rate and stopped in its tracks the adjustment to lower oil prices that was just starting.

It also made any adjustment unnecessary – for a while. Lower oil revenues meant that, sooner or later, the UK consumer would have to retrench. But the evil day could be put off as long as foreigners were willing to lend. So in the late 1980s, far from cutting back in response to the fall in the oil price, we embarked on a spending spree. Much of that extra spending was on imports, not paid for by oil revenues but by borrowing. It didn't matter, because UK plc was flavour of the month, and everyone wanted to lend to us.

The boom of the late 1980s was a service sector boom. Business investment increased sharply, but casual observation suggests that much of that investment took the form of new office blocks, shopping malls and DIY superstores. The statistics confirm the evidence of our eyes: 95 per cent of the increase in investment between 1985 and 1989 was in the service sector, and nearly half went into the City.

The extra investment improved living standards – but did it enhance Britain's ability to earn its way in the world? In theory there is no reason why we should not do that by exporting services. An improvement in Britain's balance of trade does not have to come from manufacturing. In practice however, despite the massive investment of the late 1980s in services, the export of services actually fell slightly as a share of gross domestic product.

I conclude that the adjustment to a world of lower oil revenues will require a shift of resources out of services and into manufacturing. That adjustment has already begun, because the recession has been worst in the south, where services predominate, while the manufacturing north has escaped relatively lightly. The priority now is to ensure that the resources freed up by recession are absorbed again by manufacturing (or other industries whose output can be sold abroad and/or replace imports). They must not be pre-empted, as happened in the late 1980s, by another domestic service sector boom.

It was Winston Churchill, as chancellor, who said (of the return to gold in 1925): "I would rather see finance less proud and industry more content." The fall in the exchange rate last September (analogous in many ways to coming off gold in 1931) achieves exactly that. It is the key to the expansion of manufacturing, which is why we have seen a rise in output this year despite flat retail sales.

One aim of monetary policy must now be to ensure that the competitive advantage delivered by Black Wednesday remains intact. If that means lower interest rates, then an increase in taxes (or cut in public spending) will be all the more necessary to curb the resulting growth in domestic demand. Low interest rates and higher taxes: that is how to ease our economic adjustment to dwindling oil revenues.

Bill Robinson

The author is former director of the Institute for Fiscal Studies and was a special adviser to the former chancellor, Mr Norman Lamont

LETTERS TO THE EDITOR

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Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Public smoking epidemic keeps US visitors away from Europe

From Dr M Singer.

Sir, Your article on the decline of US visitor numbers ("Cheap money is no bargain", August 7/8) misses an important reason for the current reluctance of Americans to visit Europe.

On October 14 1777, Mozart wrote from Augsburg in Germany about his visit to a coffee-house. "When I entered I thought that I should drop down, overcome by the stink and fumes of tobacco. But with God's help I had to stand it for an hour; and I pretended to enjoy it all, though to me it seemed as if we were in Turkey."

An epidemic of public smoking has spread through mainland Europe. From railway station waiting rooms to restaurants, from theatre foyers to taxis, from hotels to hospitals, the visitor is condemned to the situation endured by Mozart. The UK is better, but not by much. How charming the intimate little restaurants are – if you do not mind a sore throat, streaming eyes, and all your clothes needing cleaning.

Complaints are met by amused shrugs at the fussiness of Americans. The trouble for the European tourist industry is that those fussy people go back home and pass on the word to all their fussy friends.

Most Americans do not smoke, and do not like smoke. The Americans with most money to spend are those who dislike smoke the most. European restaurateurs, publicans, and others who earn much of their living from the tourist trade, may not be aware of the full cost of that smoking habit.

Mozart stayed two more weeks in Augsburg, but he did not return to the coffee-house – nor to Augsburg.

M Singer,
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The heavy burdens of competition law

From S L Sidkin.

Sir, The need for competition law reform is undeniable as the points in "Competition on the back burner" (August 10) make clear.

However, there are two further points that should be added.

First, the Court of Appeal has added to the burden of the Office of Fair Trading. As a result of a decision in 1991 it is now incumbent on the OFT to establish not only that individual employees have participated in a registrable agreement – which can be difficult – but also that in participating in such an agreement they were acting within the scope of their authority. This is even more difficult to show.

Second, the opportunity exists for someone who is affected by the unlawful operation of a registerable agreement to sue for damages any party which gives effect to it.

One example of this occurred some years ago when four companies paid to the Post Office approximately £9m in an out-of-court settlement. The money was paid by way of an adjustment to prices charged under a registerable, but unregistered, agreement.

However, this remedy is rarely used by the victims of market-sharing and price-fixing cartels.

Perhaps if more businesses made use of this remedy the government might consider it desirable to accelerate the introduction of legislation reforms.

For the present the government is being mealy-mouthed. It retains competition legislation that is not up to the job and which imposes unnecessary burdens on many small- and medium-sized companies. But at the same time it heralds its devotion to competition and to freeing businesses from the burden of red tape.

Without government action, competition will be more in the refrigerator than on the back burner.

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Credit terms too favourable

From Mr David Rex.

Sir, Readers may have been surprised by the revelations on discounting contained in the Winkler marketing survey ("Watch those freebies", 10 August). But those findings are likely to represent only part of the picture.

In the work that my organisation does with companies on their trade receivables I have been surprised by the extent to which extended credit terms have been granted – often, as with discounting, in the belief that such terms are a precondition of remaining competitive.

I refer not to the late payment of debt but to the formal sanctioning of credit periods of double or more the supplier's preferred terms. Such terms can be especially attractive within the organisation as, unlike most forms of direct discounting, the impact is often not measured as a cost of sale and is therefore more readily perceived as a no-cost option by those who grant it.

Looking at these activities in the context of your editorial of the same day ("Profits please") perhaps managements and leader writers should remember that it is not government or wage bargainers who are the prime determinators of profits and margins.

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Commercial traveller sees the world

From Mr A L Brend.

Sir, I was interested to read of Peter Job's travels (Observer, "On the job", August 6).

My own travels this year have covered 27 countries (including holidays and excluding repeat visits). Throughout my career the number is 199. I suspect, however, that I am much older than Mr Job!

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Options rise can stabilise copper market

From Mr Christopher Green.

Sir, Kenneth Gooding's article "Copper market responds to 'rogue' element" (August 13) gives the impression that the massive increase in option activity in the copper market over the past few years has been disruptive and destabilising. However, I believe the opposite to be the case.

Primary copper producers and others are developing a keen appetite for options. The granters and users of options are the new managers of risk and the principal providers of liquidity, and even of greater stability in the marketplace. They will help avert – or at least mitigate – critical times in the future.

Gooding correctly paraphrases my remarks in Metals and Minerals Annual Review on the subject of London Metal Exchange warehouses in other key industrial areas. But I was deliberately non-specific about suitable new locations.

I believe that LME warehouses in the US for copper (the LME has them for all other base metals) would seriously threaten the continued viability of the Comex copper market, which is the only base metal futures contract in the US.

The arbitrage between the LME and the Comex copper contracts would be undermined and destroyed. Valuable liquidity would be lost to the LME and might not be adequately replaced, at least in the near term, by other business from the US.

Finally, your leading article "A scrap over aluminium" (August 13) addresses the European Community restrictions on aluminium imports from the Commonwealth of Independent States.

The European aluminium producers who pressed for those restrictions clearly had their heads firmly in the sand while, Canute-like, they commanded the waters to recede.

This attempt to gain EC protection demonstrates a lamentable lack of comprehension of how the market works. The aluminium market is international and the price will not be affected by the EC restrictions on imports of CIS material.

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FINANCIAL TIMES

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Tuesday August 17 1993

Speculators as the scapegoats

TRUE TO past form, a number of European policymakers, notably in France and Belgium, have reacted to the exchange rate mechanism debacle with loud calls for measures to curb speculators, condemned as either errant or malicious. These politicians reveal a worrying misunderstanding about markets. But they are right in their belief that the European Community cannot return to where it was a few weeks ago. What it must not do, however, is try to go further backwards still, to the era of exchange controls.

Belgium's finance minister, Mr Philippe Maystadt, has condemned currency speculation as "a type of transaction which does not know any rules, no costs and no taxes". Earlier, Mr Edouard Balladur, the French prime minister, argued: "The crisis wasn't due to concern about the franc itself, but to a desire to destroy the European monetary system." This, he added, was because speculators want the world's currencies to float freely so they can make more money.

These views would be funny if they were not so disturbing. Mr Balladur seems unaware that even a shrewd speculator is unlikely to make a consistent killing in a free market. The most profitable currency markets are ones in which governments put themselves forward as pigeons for investors to pluck. It would be surprising therefore if the latter were not praying for immediate recreation of the narrow-band ERM. This the EC says it intends to do. The question is whether its intention reflects the interests of the people of Europe.

Unnecessary recession

Mr Balladur believes the security of his country has been endangered. But perhaps what has been endangered is the reputation of its policymakers. Those in office usually believe that their policies express the long-term interests of their people, while speculative attacks reveal the irresponsibility, if not wickedness, of markets. But that conclusion is not self-evident.

In this case, speculators doubted the willingness of the French people to tolerate an unnecessary recession in the name of European integration. By doubting it, they created the conditions in which that policy could change, a result that seems benign.

Whenever a perfectly good explanation can be found for the behaviour of individual investors, conspiracy theories are unnecessary. Currency markets are the largest and most liquid in the world. The envisaged collusion among participants is inconceivable. To argue otherwise is to indulge in paranoia.

Freedom of movement

Exaggerating the wisdom of governments and the follies or even wickedness of markets is, unfortunately, not the only mistake that has been made. As important has been the undue identification of the cause of the European integration with a particular monetary mechanism, a mistake that parallels earlier worship of the common agricultural policy. The foundation for European integration has, in fact, been the integration of the economies of member states by the progressively increasing freedom of movement of goods, services, labour and capital. The ERM, or even economic and monetary union, can be justified largely to the extent that they support such integration.

This is why talk of exchange controls is self-defeating. In the absence of some kind of global tax on foreign exchange transactions, which seems infeasible in practice and questionable in theory, the only way to try to prevent what happened to the ERM would be a return to tight national exchange controls. But this would fragment the single market for capital and severely hamper those in labour and services. Since the ERM has often been justified as the monetary counterpart of the single market, it would be perverse to adopt measures that would destroy what the mechanism is supposed to preserve.

Apart from being perverse, exchange controls would probably also be infeasible. The EC must move in a different direction. One alternative would be faster movement towards monetary union. But this the Germans seem unlikely to accept. Another would be to make the present wide bands work, perhaps in the context of greater global exchange rate co-ordination. But one thing is quite clear. There is no future for the EC in going backwards. It must move forward instead.

Remapping US telecoms

AMERICAN Telephone and Telegraph's planned $12.6bn acquisition of McCaw Cellular Communications will not only be one of the largest takeovers in US history. The deal may also herald a redrawing of the US telecommunications map, which in its outlines still bears the marks of AT&T's enforced break-up in 1984.

The 1984 divestiture, overseen by Judge Harold Greene, split AT&T into seven local telecommunications groups, the Bell companies, and one long-distance company, the continuing AT&T. The Bell companies were prevented from entering the long-distance market, while AT&T was barred from operating local networks.

Some lobbyists will no doubt argue that, in buying McCaw, AT&T has found a backdoor route into the local market, as cellular communications were not included in the divestiture decree. They may even say the deal should be blocked as the long-distance market is still a no-go area for the Bells.

Policymakers should give such arguments short shrift. At present, cellular communications do not compete head-on with the Bell's local "wireline" phone services, as they are too expensive. Instead, cellular phones have expanded the overall market by allowing people to make calls when they are on the move. And, while cellular and other forms of radio communication will undoubtedly provide stiff competition for wireline companies as costs fall, the right response should be to sweep away restrictions on competition rather than add new ones.

Justified fears

Judge Greene's imposition of no-go areas for the Bells probably had some benefit back in 1984 in helping competition to take root. At the time, the Bells controlled access to customers and there were justified fears that, if allowed into the long-distance market, they would channel their customers' traffic through their in-house networks and thus squeeze out rivals.

But the no-go areas now look like artificial lines on a map, as a result of technological and commercial developments. Under a system known as equal access, customers are able to choose the long-distance company through which their calls should be routed, with the result that the Bells no longer control customer access. Meanwhile, the Bells' local monopolies are being eroded by the growth of alternative fibre-optic networks in large cities such as New York. The monopolies would be under even greater threat if cable television companies were generally allowed to provide telephone services over their networks.

Extra costs

The divestiture restrictions have outlived their useful life. The long-distance ban, in particular, has led to a balkanisation of the US telecoms map, often requiring calls to be carried by roundabout routes rather than in straight lines, so imposing extra costs. Competition has also not been as vigorous as it could have been. It is unlikely AT&T and MCI and Spint, its two main long-distance rivals, would have announced price rises last month if the Bells had been able to enter their markets.

A bonfire of artificial restrictions would not only do away with those imposed at the time of divestiture. It would also abolish rules banning local phone companies from providing cable television over their networks and foreign companies from owning more than a minority share in any radio licence. The cable TV ban could be deterring telecoms groups from laying fibre-optic cables into people's homes, and hence the development of the "information superhighways" that makes Vice-President Al Gore so enthusiastic. Meanwhile, the restriction on foreign companies explains why British Telecommunications was unable to acquire McCaw and is now selling its minority stake to AT&T. Such rules provide foreign governments with a ready-made excuse to keep US telecoms companies out of their own markets.

Redrawing the US telecommunications map will not be an easy task, given the vested interests in keeping competition out. But the US has already seen benefits from competitive telecoms markets since AT&T's break-up and should have the courage to press on with further liberalisation.

Neil Buckley says the mail order business needs to adapt and innovate to survive in a competitive climate

Last post for the big books

The decision by Great Universal Stores last month to end six decades of family control by enfranchising its non-voting shares could open a new chapter for the company. It could do the same for the UK business it still dominates: mail order.

The move by the mail order, retailing and financial services group aroused speculation in the City that it might shed its conservative image and use its £1.3bn cash reserves to become the adventurous and acquisitive company it was in the 1950s and 1960s. Some observers hoped it would invest in technology and lead the UK mail order business in adopting systems for communicating with customers via cable television, and eventually interactive video transmissions.

Change may be needed because the outlook for traditional mail order in Europe and the US is uncertain. The arrival of new technology and growing competition from sophisticated high-street retailers are forcing mail order operators to look at innovative ways of selling, and improve their service to customers to hold on to market share.

A report last week by Verdict, the retail research group, says growth in the UK mail order market outpaced the rest of the retail sector last year. But in each of the six previous years, mail order's share of the retail market had shrunk.

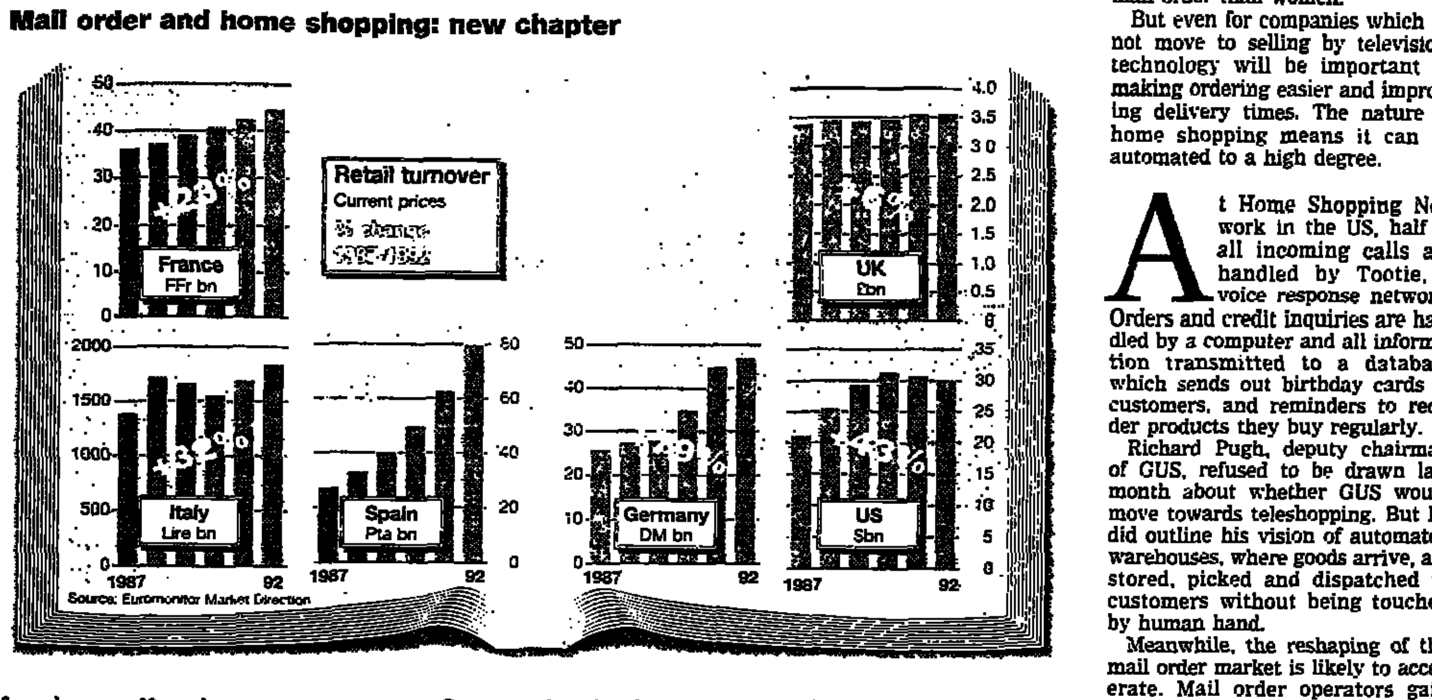
Only weeks before GUS's announcement, Sears Roebuck of the US finally closed its catalogue division, ending an American tradition and raising questions about the future of the industry in the US.

For much of the 20th century Sears's Big Book was a symbol of "middle America". But though the catalogue still circulated to 14m households last year, sales of $3.3bn (£2.2bn) were not enough to avoid a $175m division loss. The Big Book could no longer hold its own against younger, more carefully-targeted competitors in a market approaching saturation, and being invaded by cable TV operators.

The Sears general merchandise catalogue had become a mainstay for isolated farming communities in the midwestern US and, it was said, the most popular home literature in America next to the Bible. But during the 1980s the Big Book faced a growing number of rivals, as higher transport costs and road congestion boosted home shopping. Delivery systems were improved, and niche marketing developed. US sales from home shopping rose by 48.8 per cent in 1987-90, to $31.6bn.

The fortunes of mail order in the UK followed a similar path, after it originated in the late 19th century in so-called "turn" or credit clubs, whose members paid a shilling a week and were able to buy £1 worth of goods every 20 weeks.

Mail order and home shopping: new chapter



After the first world war, clubs developed networks of agents, with an average of 20 or more customers each. They found a ready market, particularly among poorer socio-economic classes in northern England, who were prepared to accept relatively slow delivery times in exchange for low prices and – long before they were offered by the rest of the retail sector – credit facilities.

But, as in the US, the glossy catalogues no longer hold the allure they once did. Traditional advantages – availability of credit, convenience, home delivery and low prices – are constantly being eroded by developments in high-street retailing. Between 1985 and 1991, home shopping's share of retail sales fell from 3.54 per cent to 2.96 per cent, although it improved again last year to 3.16 per cent.

In continental Europe, the picture is mixed. In France and Germany the mail order business is well-established. The French market has grown steadily to reach FFr44.9bn (£5.1bn) in 1992, according to Euromonitor, the UK market research group. Germany has by far the strongest mail order market in Europe, growing to DM47.3bn (£18.4bn) last year.

But in Italy, a less developed market, mail order grew by about 30 per cent between 1987 and 1992, to L1,845bn (£770m). Over the same period, Spain's equivalent sales almost tripled from an underdeveloped base to reach Pta80bn (£385.5m).

In developed markets, home shopping accounts for between 3 and 6 per cent of all retail sales. Some experts regard the latter figure as the ceiling and forecast declines in the next few years. "The long-term trend is definitely down," says Richard Hyman, director of Verdict.

Others in the retailing industry think mail order can hold or increase market share, but only by taking advantage of new technology. "Big book" operators are expected to move increasingly towards using television to sell their products. The merger proposed last month between the two largest teleshopping operators in the US, Home Shopping Network and QVC, to form a $2.2bn network, shows the developing strength of the medium.

Catalogue shopping is unlikely to die out, but is expected to focus increasingly on niche markets. "The shape of mail order in the '90s will be direct, targeted catalogues rather than the big books," says Jim Martin, chief executive of N Brown, the UK mail order operator. N Brown publishes 11 catalogues, aimed mainly at women over 50 and those requiring non-standard sizes.

The company provides a lesson in the power and sophistication of targeted catalogues. It has profitably expanded its market to include women in their 40s and younger, but many products in its two catalogues aimed at this age group are no different from those in the books for the 50-plus market. The catalogues are presented differently, excluding some products and rephotographing others on younger models.

US mail order companies are leading the way in this development. Spiegel, which became the second-largest US mail order company with the withdrawal of Sears, publishes 30 different catalogues.

Catalogues are also starting to target upmarket customers. In the UK, the Next directory, the mail order operation of the high-street fashion chain, has introduced a younger generation, with different lifestyles and higher incomes than their parents at the same age, to home shopping. Such catalogues are aimed at time-conscious more than price-conscious consumers, and foster a specific style or fashion image. Several focus on men, who have previously been less inclined to buy mail order than women.

But even for companies which do not move to selling by television, technology will be important in making ordering easier and improving delivery times. The nature of home shopping means it can be automated to a high degree.

At Home Shopping Network in the US, half of all incoming calls are handled by Tootie, a voice response network. Orders and credit inquiries are handled by a computer and all information transmitted to a database which sends out birthday cards to customers, and reminders to reorder products they buy regularly.

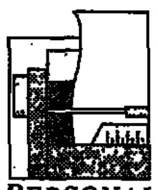
Richard Pugh, deputy chairman of GUS, refused to be drawn last month about whether GUS would move towards teleshopping. But he did outline his vision of automated warehouses, where goods arrive, are stored, picked and dispatched to customers without being touched by human hand.

Meanwhile, the reshaping of the mail order market is likely to accelerate. Mail order operators gain even more than most retailers from economies of scale, and larger companies are expected to continue to swallow up smaller ones. Two of the UK's best-known catalogue retailers, Grattan and Empire, have been purchased by continental European operators – Germany's Otto Versand and France's La Redoute – in the past two years. There are suggestions in the City that if GUS decides to expand across Europe it may, in turn, bid for La Redoute.

Less developed markets provide opportunities for growth. Mail order could be particularly important in east Europe, where the retailing and distribution infrastructure is poor, and it provides a relatively low-cost way of entering the market.

The emergence of GUS from decades of close control by the Wolfson family may prove timely. As new technology such as cable television and interactive communications spreads, and agency systems are replaced by direct marketing, the mail order business may change more in the next decade than it has in the 61 years since Isaac Wolfson first took command.

Opportunity knocks for the Japanese



PERSONAL VIEW

The government that has just taken power in Japan has a lot on its collective mind – mainly, no doubt, how to hang on to it. It will be hard to hold the coalition together, let alone to shake up the cosy world of Japan's money politics and to give a fair deal to consumers. But that is what it was elected to do.

The elections do not ensure that the relationship between government and business will be transformed. Many of today's reformers, such as Tsutomu Hata and Ichiro Ozawa, were yesterday's loyal Liberal Democratic party Diet-men, which does not augur well for a clean break.

But if business as usual prevails, Japan will have missed a historic opportunity. Systematic reform offers tangible benefits to Japanese consumers. It would enable Japan's political system to respond to concerns beyond those of entrenched interests. And America and Europe would also profit.

Reform must be rooted in the recognition that political and economic liberalisation go hand in hand. Regulation has increased the value for businessmen of investing in politicians, and the cost of not doing so. Japan's recent spending spree was designed partly to provide kickbacks from public-works contracts.

Political reform requires a decline in the market value of politicians: the rewards of economic activity must stay higher than those of political activity. That in turn requires that politicians stop trying to manage the economy. For clean politics, Japan must deregulate.

Japan's allies often cite its regulations as impediments to trade. Fair or not, the complaints provide another reason to deregulate: reform could avert the dangers of either a trade war or politically managed trade, both of which would decrease the wealth of the entire world but would devastate an island nation in particular.

Japan should therefore become the world's foremost free trader. Were politicians in the US and Europe more responsible, Japan would not have to assume this role. As it is, some economic power must act decisively if the industrialised world is not to be split into three hostile trading blocs.

Dismantling corporatism would also improve Japan's economy. The privatisation of its expensive national railway has halted massive losses. Airline privatisations are forcing producers to serve consumers rather than the reverse.

If politicians want to put the welfare of the people first, agriculture protection must go

Deregulation of the retail distribution system would yield more benefits. Zoning restrictions protect inefficient small shopkeepers. This policy also irritates foreign businesses trying to distribute their products in Japan.

Eliminating trade and zoning protection for agriculture would further free the market in land. Protecting agriculture diverts much land and labour to unproductive uses. This policy, together with the high tax on the sale of houses, exacerbates urban crowding. Kenichi Ohmae, chairman of the Japanese arm of management consultant McKinsey, estimates that changing these policies could quadruple the land available for development within 30 miles of Tokyo. That in turn would shorten workers' average daily commuting time of three hours. If politicians want to put the welfare of the people first, agriculture protection must go.

Agricultural protection also raises land prices; and these high prices impede foreign investment in Japan. The US Republican party's Wednesday Group believes this factor contributes greatly to Japan's trade surplus with America.

It is a pity so much attention has focused on this bilateral trade balance. The pursuit of a "solution" to the imbalance leads to counterproductive ideas, such as artificially reducing Japan's savings rate. Removing barriers to investment in Japan, however, would be good in itself, and could shrink the imbalance as a happy side-effect.

Japan should resist putting bureaucrats back in charge to "manage" trade to meet foreign demands. The bureaux will be tempted, as this would give them a new lease of life. So will some companies: export restraints have transferred wealth from foreign consumers to Japanese exporters. But cartelisation cannot benefit the public.

During the election campaign, Japan's reformers stuck to generalities, such as ending corruption. But they also called for less government, denouncing the high prices and inefficiency resulting from intervention. They must now make good that promise.

They should do it because deregulation will destroy the structural base of much political corruption; liberalisation will please Japan's allies; and, most important, the Japanese public deserves a better deal.

Ramesh Ponnuru

The author is a scholar at the Institute for Humane Studies, Fairfax, Virginia, US, who has been working at the Institute of Economic Affairs

OBSERVER

New York Fed form guide

■ Now that Bill McDonough has settled in as the new president of the New York Fed, all eyes are on who gets the number two spot he vacated. Given that the person picked will be one of the leading players in the world's foreign exchange markets, the pressure is on for an early decision.

McDonough, who had done 22 years at First Chicago, had only been in the job for 18 months, so it is no surprise that two veteran insiders are the firm favourites to become the next open market account manager with the responsibility for carrying out the Fed's monetary policy directives.

What is different this time, however, is that the two favourites are women: Joan Lovett, manager of the domestic open market desk, and Gretchen Greene, manager of the foreign open market desk. When the presidency was up for grabs earlier this year there was considerable speculation that the Fed might choose a woman. So the chances of a woman in the number two slot are now higher.

Of the two likely candidates, Lovett might have an edge because her role as chief of domestic market operations is arguably more important than Greene's, who handles the Fed's activities in the currency markets. Greene, however, has a clear advantage in seniority and experience – she has run the foreign desk for more than 20 years, and was in the running for the job when McDonough was brought in from outside.

She also happens to be married to Ed Yeo, a former under secretary of the US Treasury in the Ford administration. Yeo went on to do a stint as First Chicago's chief financial officer but quit after a boardroom row in 1980. He was replaced by McDonough. Whether this helps or hinders his wife's chances of promotion remains to be seen.

Stunted

■ When the British government seems intent on privatising anything that moves, why has it farmed out all the wounded casualties from Sarajevo to public sector hospitals?

Given the pressure on resources in the National Health Service and the shortage of beds, it would make sense for the authorities to tap the offers of beds in private hospitals. If the private hospitals are prepared to treat the wounded for free, whereas the taxpayer will have to pick up the tab for the use of NHS hospitals, there would be a net saving to the public purse.

If the reason is that the authorities feel more comfortable using NHS hospitals that they know, why did the Overseas Development Agency turn down the offer of an RAF VC-10 aeroplane

'Men, I want you to go out there and perform'

and hire a Russian Tu-154 air ambulance?

To date, the only party which comes out well from the affair is the Saudi Arabian royal family, who helped pay for the evacuations.

Haggle time

■ Hard to believe that with the stock market flirting with its all-time high there are still some investment analysts who can't afford their subs. However, the Institute of Investment Management and Research, which represents Britain's 3,100 investment analysts, likes to think of itself as a caring organisation. Hence, it has asked members not currently employed to send a letter "explaining their circumstances", and it will consider deferring payment of its £81 a year subscription fee. The society insists that this generous gesture is in no way related to the fact that it has just raised membership fees by 8 per cent.

Over-clouded

■ Remember Bill Hussey, the mining man who was sent to look for gold in Kazakhstan and found his new mine was only a few mushroom clouds away from the former Soviet Union's nuclear test sites? Observer was reassured to hear that he has taken to carrying a geiger-counter. However, there was some consternation recently when Hussey pointed his gadget towards the Broadgate complex; it registered three times the level of radioactivity found in Kazakhstan.

Right arms

■ Who would dare cross the threshold of Maggie's Den or brace themselves for a stiff one with The Iron Lady?

Much of British history is celebrated in pub signs; the Saracen's Head recalls the Crusades, John of Gaunt is remembered as the Red Lion, and Richard III as the White Boar.

So the Brewers' Society decided to ask the publicans of today for their opinion of contemporary history. What facets of modern life did they think likely to be commemorated on the pub signs of tomorrow? Not surprisingly, of all the people and events that have made their marks on the 1900s, the two nominated for similar immortality are Margaret Thatcher and the computer.

The Thatcher, in her usual fashion, dominated the political entries. Only two others merited suggestions – Norman Lamont (Lamont's Lament) and David Mellor (The Mellor Drama).

But The Silicon Chip, The Bit and Byte, The Computer and Mouse, et al, according to the licensees, was likely to be honoured long after that other phenomenon of our times, the Euro-Sceptic, was forgotten.

Personal baggage

■ What is the most vital item British tourists always take on holiday? A survey by travel agent Thomas Cook finds that in first place is the humble British tea-bag, followed by a condom, with the trusty travel iron coming in a strong third. Perhaps most surprisingly, three quarters of would-be holiday-makers think that being with one's partner is the most important vacation requirement.

FINANCIAL TIMES
Tuesday August 17 1993

MBNA bank to site European base in north-west England

By Paul Cheeseright

A £43m ($64m) European headquarters is to be established in Chester in north-west England by MBNA America Bank, representing the largest US investment in the UK for three years and creating up to 800 jobs.

The UK government is meeting 16 per cent of the bank's costs through a £7m grant of regional selective assistance, Mr Tim Sainsbury, the industry minister, announced yesterday. Such grants are available for projects that offer new jobs.

MBNA, based in Newark, Delaware, is the second largest US lender on credit cards, after Citibank, with a loan portfolio of $10.6bn. It specialises in the issue of credit cards bearing the Mastercard or Visa logo to groups with a common interest, such as teachers or opticians.

The bank expects to employ 70 people by the end of this year and to create the 800 jobs within five years. Measured on the basis of long-term employment, this is the biggest US investment in the UK since 1990 when Conner Peripherals, a computer company, set up in Scotland with the aim of creating 1,500 jobs.

Figures from the Department of Trade and Industry's Invest in Britain Bureau show that US companies accounted for 41 per cent of the 56,271 jobs linked to inward investment decisions announced in 1992-93.

Between 1951 and 1991, when the pace of US investment abroad slackened, the UK absorbed more than 36 per cent of direct US investment in the European Community, according to the US Department of Commerce.

The first priority of MBNA will be to issue credit cards on the UK market, but, the bank said, it would be seeking to expand sales in the EC.

MBNA narrowed the choice of a site to Chester or Dublin. It started negotiations with Inward, the agency for investment in north-west England, the local authorities and the DTI last December.

The bank employs a high proportion of graduates and Chester was chosen not least because of the number of universities stretching in an arc from Stoke-on-Trent to Lancaster. The proximity of Manchester Airport also met the bank's transport concerns.

The headquarters will be on the Chester Business Park where the tenants include Marks & Spencer, with its chargecard operations, and Shell Chemicals.

Bosnian talks resume with Croat warning to Moslems

By Laura Silber in Geneva

THE Bosnian peace talks finally resumed in Geneva yesterday, as Croat leader Mr Mate Boban warned that the Bosnian Moslems must accept proposed maps on the republic's ethnic division or face more war.

Mr Boban said: "Any party that attempts to make fundamental changes to the map we have negotiated so far does not want a peace agreement, but wants delays and war instead."

The remarks appeared to be a criticism of Mr Alija Izetbegovic, the Bosnian president, and reflect mounting pressure from Croat and Serb leaders on the Moslem Mr Izetbegovic to accept a peace settlement based on military gains made during the war.

Mr Izetbegovic was last night expected to press the issue of Sarajevo's future status at the face-to-face meeting before talking about the borders of the proposed union of three ethnic republics.

Serb sources said the parties were discussing a proposal which would place the Bosnian capital, Sarajevo, under United Nations control.

Mr Izetbegovic's bitter opposition to an ethnic division of Bosnia had previously been one of the many sticking points in the negotiations.

Mr Radovan Karadzic, the Bosnian Serb leader, last week confirmed that the Bosnian Moslem delegation has not actively participated in talks on the territorial division.

Instead, Mr Izetbegovic has stressed that any agreement will be void without "fair maps".

These must guarantee a viable state which comprises at least 40 per cent of Bosnian territory and provides access to the Adriatic Sea and the northern River Sava.

At last night's all-party session, the international mediators, Lord Owen and Mr Thorvald Stoltenberg, intended to "resolve outstanding areas of the maps", said Mr John Mills, their spokesman.

Minutes after the talks got under way, Mr Mills said all three parties had agreed that "UN military observers will be free to go everywhere in the territory of Bosnia-Hercegovina". Most previous agreements were immediately violated.

Mr Izetbegovic said earlier that he would insist during the current negotiations that Serb forces lift their siege of Sarajevo.

However, Commander Barry Frewer, Sarajevo spokesman for UN forces, yesterday said that following the Serb withdrawal from strategic mountain heights around the city this weekend, Sarajevo no longer faced a classic siege.

But although the UN said the area around Sarajevo was now quiet, the UN High Commissioner for Refugees said central Bosnia remained very volatile, with fighting continuing between Moslem and Croat forces.

Croat military leaders in Mostar, south-west Bosnia, were reported still to be holding about 2,000 Moslem prisoners at a local airfield. They were using some of their captives as forced labourers to dig trenches on the frontlines, said relief officials.

Earlier in the day Croat leaders had threatened to boycott negotiations in Geneva unless their Moslem enemies allowed relief convoys to cross frontlines to an isolated town in central Bosnia.

Italy offers 454 beds for injured

ITALY yesterday offered 454 hospital beds for seriously injured patients from Sarajevo.

The offer came as the United Nations High Commission for Refugees indicated it had more offers of beds than it had patients awaiting evacuation. More than 700 hospital places have been offered in recent days by countries including Britain, Ireland, France, Jordan, Turkey, Finland, Kuwait and the US.

The UN Commission welcomed the flood of offers, which it said marked a turnabout in attitudes after 16 months of indifference from western governments.

Report, Page 2

China's cabinet drives golf plans into the rough

By Tony Walker in Beijing

CHINA has cracked down on the spread of golf courses and race tracks as part of a nationwide campaign against frivolous real estate development.

A circular from the State Council (cabinet) said there would be "no approval, no licence, no land and no loans for such expensive projects as horse race tracks and golf courses".

China's cabinet last year reiterated a ban on gambling, but a number of Chinese businessmen had pushed ahead with race course construction in the hope of getting the ban lifted.

The Chinese authorities, in their efforts to regain control of a runaway economy, have targeted real estate speculation as a leading cause of a credit binge which was draining funds from much-needed infrastructure projects such as roads and railways.

"For buildings with limited market potential, such as villas, holiday villages, luxury apartments, hotels and office buildings, the country will place strict limits on this area, and halt the construction of some buildings already in progress," the circular said.

Mr Deng Chenbo, who has been attempting to introduce horse racing to Beijing, the Chinese capital, said he was sure racing would be allowed to go ahead in China "in due course".

Mr Deng blamed "muddle-headed" figures in the Chinese leadership for the continued ban on racing.

"They should know that golf courses and race courses will bring them not only a lot of tax money, but also make the people happy," he said.

Hopes rise over Hong Kong talks, Page 4

AT&T to buy McCaw in $12.4bn deal

Continued from Page 1

ations market is dominated by large local telephone companies and GTE.

Yesterday, Mr Allen was quick to stress that "AT&T is not interested in re-entering the local telephone business and today's announcement doesn't change that. More than 99 per cent of all cellular calls go through the local telephone companies".

The deal is, however, conditional on a go-ahead from various regulatory agencies – including the Department of Justice, which will look at anti-trust considerations, and the Federal Communications Commission as well as certain state regulatory bodies, which must approve licence transfers.

The FCC said the proposed merger was "a resounding endorsement for the future of wireless communication" and had "great future potential" but stressed it not reviewed the transaction, and would be "open-minded on any valid opposition".

If the deal goes ahead, holders of both McCaw's "A" and "B" shares will receive one AT&T share for each McCaw share held, and McCaw shareholders will end up owning around 14 per cent of AT&T. On Wall Street, AT&T shares slipped $1 to $61⅜ in the morning session while McCaw gained $5 to $56¼. The logic of combining AT&T and McCaw had been generally accepted by Wall Street analysts.

THE LEX COLUMN

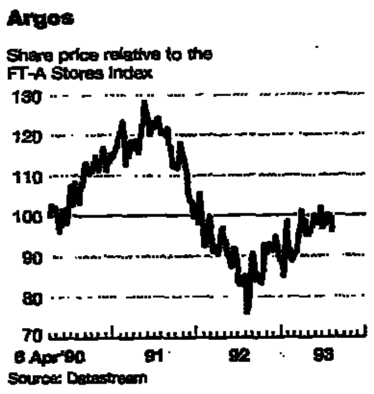
McCaw's sugar mommy

American Telephone & Telegraph's $12.4bn acquisition of McCaw has at least the merit of tidiness. Instead of its original proposal which left McCaw equity lying about in the market, AT&T has swept up the entire cellular company. A straight one-for-one share swap also makes the accounting easy. Yet the deal has the feel of the property scramble which accompanies the first few rounds of a Monopoly game. There are few strategic telecoms properties up for sale around the world, and AT&T has been prepared to dilute its earnings significantly in order to acquire one of them.

Still, unless McCaw gives AT&T some access to local telecoms in the longer term, it will prove very difficult to justify the high price paid. Experience with radio phones will doubtless be useful once new technologies such as personal data notepads and multimedia are integrated with cellular telephony. It also gives AT&T another weapon in its armoury of managing company telecom requirements. Yet such advantages will not, by themselves, provide a decent return on the investment.

AT&T's strategy seems to be to cast its net across many markets – from computing to radio, Europe to China – in an effort to remain in the forefront of a rapidly evolving information technology business. That may make sense at present, but not even Ma Bell can afford such breadth for long – as its high gearing and yesterday's dilutive acquisition show. When it narrows its focus, it will do well to remember that owning networks is becoming a commodity business. It is the data which flows through them which is valuable.

FT-SE Index: 3008.3 (-1.8)



Abbey National

If the value of estate agents is a reflection of investing institutions' view of the housing market, yesterday's disposal by Abbey National is depressing news. Even allowing that the purchasers are getting a discount for buying the whole Cornerstone chain, an average price per office of £23,000 is well below that achieved by Prudential following its decision to divest in 1990. Abbey was not alone in paying 10 times more per office in the 1980s. That will be of scant consolation to shareholders now faced with another £30m writedown to add to the £228m of losses already announced.

Since estate agencies have proved to be unreliable sales outlets for mortgage lenders or life insurers, it is hard to quibble with Abbey's decision to sell. Provident Life will be hoping for better luck with a tied agency agreement with the new owners in return for acquisition finance. In theory, that should yield the same flow of life insurance business without the capital risk while giving entrepreneurial managers their head. Legal & General is aiming for similar results through franchising.

Even as housing market turnover recovers, though, much depends on whether sales of endowment mortgages are held back by the combination of public suspicion and new commission disclosure requirements. Cheltenham & Gloucester's decision to stop selling endowments underlined that the economics are already finely balanced for some mortgage lenders. Without a good flow of business from that direction, the already tattered argument for marrying long-term savings and estate agency will be impossible to sustain.

MB-Caradon/RTZ

MB-Caradon's apparent difficulty in spending its cash shows how unwise it is to conclude deals by means of semaphore. When MB-Caradon realised £473m from selling its 25 per cent stake in CarnaudMetalbox in April, it flagged its intent to reinvest the money in building materials products. Its predatory presence steepened the cyclical upturn in the sector's shares. Those of Marley, for example, widely tipped as a likely target, have shot up from 58p last September to 166p.

It therefore comes as little surprise that MB-Caradon is trying to buy an unquoted package of assets from RTZ, although it is not clear how much it hopes to buy or what price it is prepared to pay. The 6 per cent rise in MB-Caradon's shares shows the market's faith that it will not do anything silly. But it also reflects relief that the meagre returns earned from leaving £370m on deposit may soon be ending. Failure to secure an agreement could now result in some damage to MB-Caradon's shares but this is no reason to press ahead if the terms are not right. Reuters has made it respectable to return surplus cash to shareholders. It would be no shame on MB-Caradon if it were to conclude the same.

As for RTZ, changes to the ACT regime may have reduced its need to preserve UK earnings. The company is under no pressure to sell but the disposal would usefully reduce gearing and may facilitate another big acquisition. Those Whitehall boffins working out how to sell British Coal would doubtless be delighted. They may have a hard job tempting RTZ, nonetheless.

Argos

CBI surveys may suggest that most retailers are feeling more perky about life, but conditions are barely good enough to raise a smile from the Argos board. The company has seen trading conditions improve steadily through the year, but management's eyes are relentlessly focused on the 25 per cent of sales which fall in the five weeks up to Christmas. Large tax increases in Mr Kenneth Clarke's November budget would depress consumer confidence in the critical period – hence the company's nervousness yesterday.

Yet it would not do to get too gloomy. The advantages of last year's catalogue changes and new sales formats will not drop away immediately. There is unlikely to be a repeat of the jewellery price war of two years ago, and the company continues to throw off cash despite the expansion of its store chain.

In the longer term, Argos, in common with several other retailers, faces the problem of what to do with its strong cash inflows and swelling cash pile. After the Chesterman furniture fiasco, Argos will doubtless be cautious about future diversification. Yet only a sizeable acquisition will absorb much cash, and if no target is forthcoming, the company may consider returning its excess equity. That might raise some cheer among shareholders and support the shares, which otherwise are beginning to look somewhat overstretched.

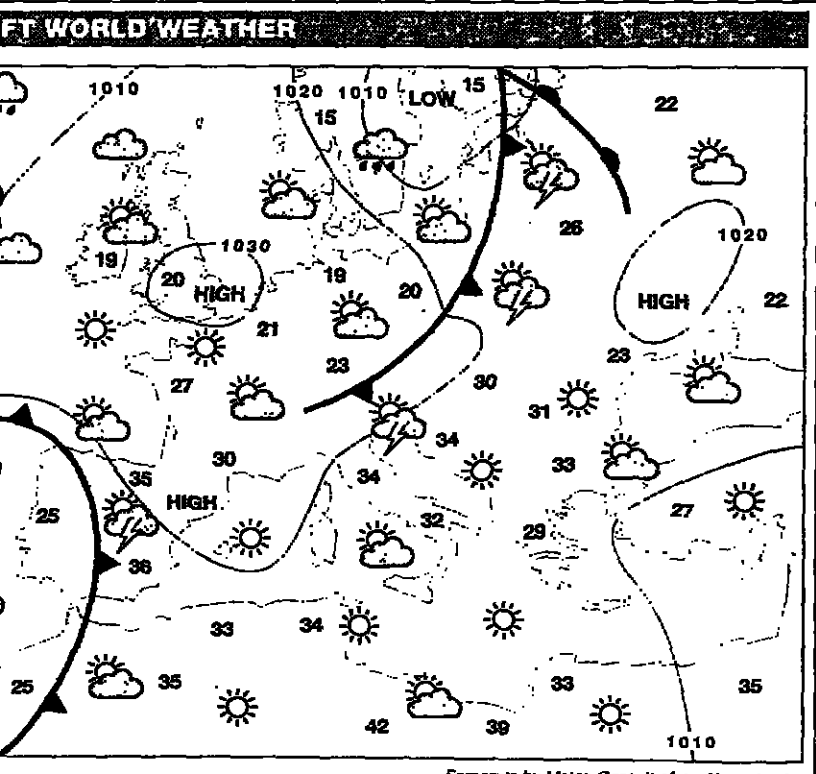
FT WORLD WEATHER

Europe today

Very warm and humid air will push towards eastern Europe, triggering widespread showers and thunder storms from Poland to western Russia. Hot conditions will persist over southern Europe with tropical temperatures extending from Spain towards Turkey. A weak disturbance will produce cloud in the west of Spain and Portugal, with thunder showers in the afternoon. Southern France will be hot and sunny with temperatures above 30C. In the low countries, UK and central Germany, high pressure will keep conditions fair with temperatures up to 23C. Unsettled and cool conditions will persist in northern Europe.

Five-day forecast

The boundary between hot and sunny weather over southern Europe and cooler air over the northwestern countries will slowly move north. This will allow for a warming trend, especially in France and Belgium. Near the end of the week, cool air will move south over the UK and later over the low countries.



Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

	Maximum		Belfast	fair	19	Caracas	cloudy	30	Faro	sun	27	Majorca	sun	33	Reykjavik	rain	13
	Celsius		Belgrade	sun	32	Chicago	fair	29	Frankfurt	sun	25	Malta	fair	32	Rio	cloudy	24
Abu Dhabi	sun	39	Berlin	fair	19	Cologne	sun	21	Geneva	fair	28	Manchester	fair	20	Riyadh	sun	41
Accra	cloudy	29	Bermuda	thund	30	D' Salaam	fair	28	Glasgow	cloudy	18	Manila	thund	31	Rome	sun	30
Algiers	sun	33	Bogota	fair	20	Dakar	sun	31	Hamburg	fair	18	Melbourne	shower	13	S. Frsco	fair	22
Amsterdam	fair	20	Bombay	drzzl	30	Dallas	sun	38	Helsinki	shower	19	Mexico City	shower	22	Seoul	cloudy	24
Athens	sun	31	Bordeaux	sun	34	Darwin	fair	32	Hong Kong	cloudy	30	Miami	thund	32	Singapore	thund	31
B. Aires	cloudy	16	Brussels	sun	20	Delhi	shower	36	Honolulu	thund	31	Milan	sun	33	Stockholm	rain	16
B.ham	sun	21	Budapest	sun	31	Dubai	sun	38	Isle of Man	cloudy	17	Montreal	fair	25	Strasbourg	sun	27
Bangkok	thund	32	C.hagen	fair	18	Dublin	fair	19	Istanbul	sun	28	Moscow	cloudy	22	Sydney	fair	20
Barcelona	sun	29	Cairo	sun	35	Dubrovnik	sun	31	Jersey	fair	21	Munich	cloudy	23	Tel Aviv	sun	33
Beijing	thund	29	Cape Town	shower	19	Edinburgh	fair	19	Karachi	fair	33	Nairobi	cloudy	22	Tokyo	rain	26
									Kuwait	sun	43	Naples	sun	32	Toronto	fair	28
									L. Angeles	fair	25	Nassau	thund	32	Tunis	fair	34
									La Paz	drzzl	17	New York	rain	27	Vancouver	fair	21
									Las Palmas	fair	26	Nice	sun	27	Venice	sun	31
									Lisbon	fair	29	Nicosia	sun	35	Vienna	fair	28
									London	sun	22	Oslo	shower	18	Warsaw	shower	23
									Lux.bourg	fair	23	Paris	sun	25	Washington	fair	32
									Lyon	sun	29	Perth	cloudy	17	Wellington	rain	12
									Madeira	cloudy	26	Prague	shower	21	Winnipeg	thund	24
									Madrid	sun	36	Rangoon	cloudy	30	Zurich	fair	25

FINANCIAL TIMES
COMPANIES & MARKETS

 Tuesday August 17 1993

INSIDE

Saab benefits from restructuring
Saab Automobile, the Swedish car group, yesterday announced a second quarter loss after financial items of SKr423m ($52m) – a 17 per cent improvement on the SKr507m deficit in the same 1992 period. Saab said the improvement reflected the benefits of its ongoing restructuring. Page 16

Philips in multi-media drive
Philips, the Dutch electronics group, is to attempt to seize worldwide opportunities in the field of multi-media education and entertainment by regrouping its international efforts in the field of consumer electronics "software". The core of its efforts in electronic media will be its New York-based Philips Media unit. Page 16

Argos warns of 'fragile' recovery
The chairman of Argos, the catalogue retailer, has warned the UK chancellor that any tax increases in his November Budget could destroy the "fragile" recovery in consumer confidence and devastate retailers' profits. Page 16

Cosmo welcomes bank rescue
The schedule of Daiwa Bank's rescue of Cosmo Securities is to be announced today. Mr Hiroshi Nakano, president of Cosmo, said: "The only way for Cosmo to survive is to become a subsidiary of Daiwa." Page 18

Toy retailer beats falling sales
Sales at Toys 'R' Us, the US toy retailer, grew 5.4 per cent in the second quarter of the year to $1.3bn, despite a fall in sales inside the US due to a lack of any big-selling new products during the quarter. Page 18

Kmart under pressure
Kmart, the second-biggest US retailer, reported lower post-tax profits in the three months to July with core discount stores remaining under pressure and losses growing on its Pace membership warehouse operation. Page 16

Takare rises 16.8%
Takare, the largest UK nursing home operator, yesterday reported a 16.8 per cent rise in interim pre-tax profits, excluding exceptional items, to £6.58m ($9.6m). The period, to end June, covered the implementation of the Care in the Community Act which shifted the burden of public funding of nursing home patients from central to local goverment. Page 21

Hoars retreat from Hoskins
Mr Barrie Hoar, chairman of Hoskins Brewery, the UK brewer which is facing its second shareholders' rebellion within a year, said yesterday that his family had decided to sell a majority of its shareholding. The real ale brewer reported a 16 per cent increase in full year pre-tax profits. Page 21

Northern sees milky quagmire
Northern Foods, the UK food manufacturer, says "a quagmire" will result from the replacement of the Milk Marketing Board by a "monopoly broker" when the milk industry in England and Wales is opened to competition next year. Page 22

Norway and Finland lifted
The Norwegian and Finnish markets have both been lifted recently by sharp cuts in domestic interest rates: as a result Oslo's all-share index put on 8 per cent over the week and Helsinki's Hex index rose 4 per cent. Back Page

Market Statistics

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)			
Rises			
Allianz	2420	+	20
DLW	429	+	11
Mercedes	719.5	+	12.5
Falls			
Bil & Berger	961	–	14
Kaufhof	549	–	16
Volkswagen	392.3	–	7.2
NEW YORK ($)			
Rises			
Lin B'casting	110¼	+	8
McCaw	56½	+	5¼
Newmont Mining	48¾	+	¾
Saloman	48½	+	2¾
Snapple Bev	42¼	+	3¼
Falls			
Am T & T	61⅜	–	⅞
TOKYO (Yen)			
Rises			
Japan Aircraft	1320	+	90
Koa Oil	1030	+	109
Meiji Machine	605	+	40
Yamada	595	+	65
Falls			
Hitachi Info	1540	–	120
Mitsui High-Tec	2200	–	100

Paris closed. New York prices at 12.30.

LONDON (Pence)			
Rises			
Benson Grp	18½	+	2
Campbell Armst	20½	+	7
Developmnt Sec	42	+	3½
Epwin	275	+	13
French Cnnectn	135	+	7
Higgs & Hill	117	+	9
Jourdan (Thos)	32	+	3
LGW	148	+	7
MTL Instrmnts	230	+	13
MTM	59	+	4
Medeva	106	+	10½
Mirror Grp	180½	+	10
Mosaic Inv	23	+	3
Oceana Cons	123	+	12
Oliver Grp	37	+	4
Prowting	138	+	7
Ross Grp	27½	+	3¼
Seacon	148	+	10
Sherwood Comp	140	+	16
Falls			
Body Shop Int	198	–	12
Euro Disney	685	–	50
Pentos	43	–	6
Tadpole Tech	221	–	19
Ungroup	50	–	11

Buffett: betting his own money on Salomon's future

Salomon shares rise as Buffett lifts stake

By Patrick Harverson in New York

SHARES in Salomon, the US securities house and energy group, rose sharply yesterday on the news that Mr Warren Buffett, the billionaire investor who masterminded Salomon's recovery from the debilitating effects of the 1991 Treasury auction scandal, is raising his stake to at least 15 per cent.

Although Mr Buffett would only be raising his stake by a small amount – he already owns 14.3 per cent of the company in the form of convertible preferred stock and he has a long-standing agreement not to raise that to more than 20 per cent until October 1994 – the notification that he plans to add to his holdings was seen as a vote of confidence in Salomon.

The news prompted heavy buying of the company's shares on the New York Stock Exchange, and by early afternoon the price was up $2¾ at $48⅛, a 52-week high.

Analysts said that the rise was a reflection of Mr Buffett's influence in the markets. Mr John Keefe, brokerage analyst with Keefe Worldwide Services, said that because Mr Buffett was known as a successful investor and because of his close links with Salomon, "his actions will prompt others to buy the stock".

Mr Buffett is not the only senior company figure to bet his own money on Salomon's future. Last week, Mr Deryck Maughan, chairman of the firm's brokerage unit Salomon Brothers, was reported to have spent $1m on 25,000 Salomon shares one week after the company reported record second-quarter profits of $433m.

This was also seen as a sign that senior Salomon management believe the company has fully recovered from the 1991 scandal, which cost the company several top executives, heavy fines and government restrictions on its brokerage activities, plus the temporary loss of many customers.

During his one-year stint as interim chairman, Mr Buffett helped restructure top management, changed internal policies, and reduced reliance on profits from speculative bond trading by emphasising its customer-related business.

Maughan: reported to have spent $1m on 25,000 Salomon shares

Andrew Adonis explains why the US industry leader is splashing out with a $12bn takeover of McCaw Cellular Communications

AT&T mobilises with record telecoms deal

In June British Telecommunications hailed its $5.3bn purchase of a 20 per cent stake in MCI, the second largest US operator, as the "telecommunications deal of the century". Barely two months later AT&T, the US giant itself, has trumped BT with a $12bn-plus takeover of McCaw Cellular Communications, one of the leading US mobile phone companies.

The size of the deal – the fifth largest in US corporate history – is a shock, but not its nature. AT&T is anxious to re-enter the cellular market, in which it has not played a part as an operator since the break-up of the old Bell company in 1984. Last November it announced an agreement to take a one-third stake in McCaw, with an option to take a majority holding in due course.

Cellular subscriber numbers are taking off across the developed world, as mobile phones are marketed as a consumer product for the first time. At the end of 1992 the number of US cellular subscribers was estimated to have reached 11m, a growth of 46 per cent over the year, according to the FT's Mobile Communications newsletter. Revenues from cellular services were $7.8bn, 38 per cent up on 1991. Growth is expected to be lower this year, but subscriber numbers are likely to increase by more than a third.

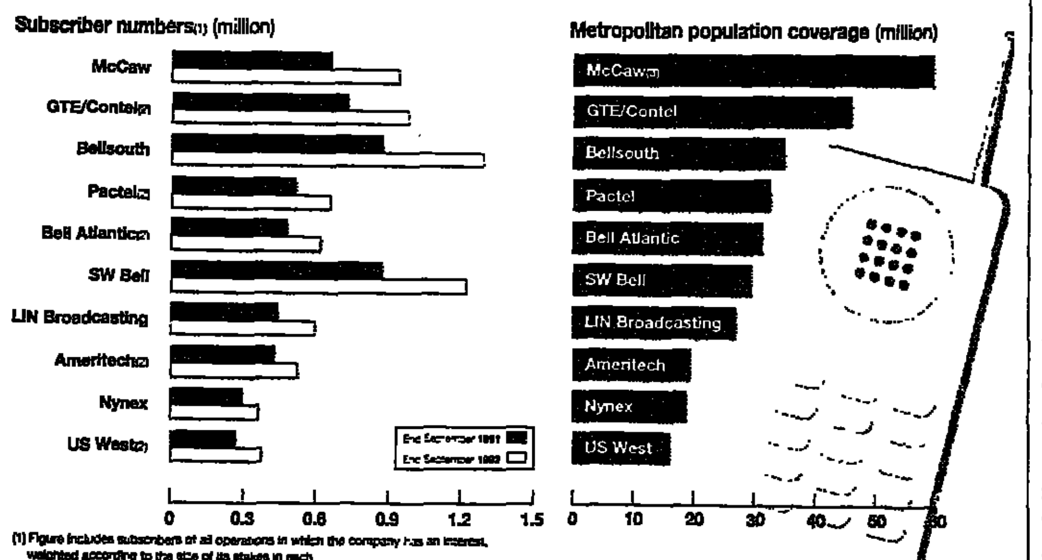
Mr Bob Allen, AT&T's chairman, says: "Wireless communications services are absolutely central to AT&T's networking strategy and key to the company's future earnings growth."

McCaw is an obvious target for AT&T. Although heavily indebted and still loss-making, it is the cellular operator with the largest metropolitan population coverage in the US. It is not a fixed-line operator, so poses no obviously insurmountable regulatory hurdles. Under Mr Craig McCaw, its energetic chairman and founder, it has a go-ahead reputation upon which Mr Allen is keen to capitalise.

BT owns a stake of 17-18 per cent in McCaw, which it will sell to AT&T as part of the deal. Despite their international rivalry, AT&T is not motivated by any special desire to drive BT out of the US mobile market. AT&T's agreement to buy BT's stake pre-dates BT's purchase of its MCI holding; and the bill for MCI made BT still keener to sell its McCaw shares.

Mr Robert Morris, telecommunications analyst with Goldman Sachs, believes two factors decided Mr Allen to go the whole hog at once. First, "negotiations with Craig McCaw seemed to have reached a bit of an impasse, and both of them recognised that using AT&T's brand name and marketing was likely to add the most value."

Leading US cellular operators



(1) Figure includes subscribers of all operations in which the company has an interest, weighted according to the size of its stakes in each
(2) All subscribers of all operations without weighting
(3) Pro rata including 52.5% of LIN

Source: Donaldson, Lufkin & Jenrette; FT Mobile Communications Newsletter

Second, "AT&T saw McCaw's shares appreciating sharply because of what they wanted to do with the company, and they did not want to have pay still more further down the track."

Yesterday, however, Mr Allen was at great pains to stress that AT&T did *not* intend to do with McCaw. "We are not interested in re-entering the local telephone business: 99 per cent of all cellular calls go through local telephone companies, and it will be years, if ever, before that changes."

> **'Wireless communications are absolutely central to AT&T's strategy and key to the company's future earnings growth'**

Insofar as cellular communications are still not remotely price competitive with fixed-wire local networks, Mr Allen is stating the obvious. Indeed, new digital networks have pushed handset prices sharply up in the short-term, and non-business usage is still low.

Furthermore, there are no obvious regulatory hurdles which might lead AT&T to play down its local ambitions. The "Baby Bell" companies will renew their complaints about their exclusion from the long-distance market, but the 1984 divestiture left AT&T free to operate in the cellular business, although it will have to apply to the Federal Communications Commission to transfer the operating licence in states where cellular is regulated.

However, cellular is undeniably an alternative to fixed-line local networks, and one set to become more significant as mobile telephony spreads and its costs reduce. AT&T's rivals may rightly fear its potential in the wireless business – not least through its capacity to market cellular services as part of "all-in" packages for businesses and residential customers.

To that extent, the McCaw takeover also highlights AT&T's problem as a potential competitor to its own customers. As a telecommunications manufacturer AT&T is a principal supplier to the regional Bell companies. More specifically, it is the leading supplier of cellular infrastructure to them and entered the handset market 18 months ago. Until now the Baby Bells, which have carved up much of the cellular market between them, have not seen AT&T as a "mobile predator". If they do, their enthusiasm for its wares may wane.

For BT, yesterday's deal offers a more graceful exit from the US cellular market than it expected last year. At AT&T's current stock price, the value of BT's McCaw stake is up to $2.2bn from $1.8bn last year, although it will not be able to realise the gain until the 1994-95 financial year.

It nevertheless closes a less than glorious episode in BT's post-privatisation history. BT paid $1.5bn for its stake in 1989, trumpeting its ambition to become "world leader" in mobile communications and the need to diversify away from its regulated, recession-prone markets in the UK.

Four years years later, BT is retiring from the US cellular market with a cash gain which looks distinctly modest compared with the 16.5 to 18.5 per cent cost of capital it is permitted on its regulated business under its current agreement with Oftel, the UK industry regulator.

As for "world leader", BT's only remaining cellular activity of note is Cellnet, its UK joint venture with Securicor. Unlike its UK competitor Vodafone, Cellnet has been barred by its parents from investing overseas. If world leaders in tomorrow's telecommunications industry need to be mobile, AT&T is out in front.

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Heavy trading in SE Banken shares

By Christopher Brown-Humes in Stockholm

TRADING in the shares of Skandinaviska Enskilda Banken, the Swedish bank, was exceptionally heavy yesterday on expectations that the loss-making group will today announce a large rights issue and much improved financial figures for the second quarter.

The bank is set to ask shareholders for as much as SKr6bn ($746.2m) through a one-for-two share issue at SKr45 per share, according to one report. This is a larger amount than earlier expected and should enable the bank to survive its current difficulties without direct state support, say analysts. The bank yesterday declined to comment.

A rights issue has been expected since the bank and the Swedish government announced in June that the bank's owners would be called on to strengthen the bank's capital base. Raising SKr6bn would boost the bank's international capital adequacy ratio from 8.5 per cent at the end of the first quarter to 10.5-11 per cent, well above the minimum 8 per cent level.

Analysts say conditions for a rights issue are highly favourable given falling Swedish interest rates and the surge in SE Banken's share price. The shares have climbed nearly 10 times from SKr7 in April to SKr69 yesterday, after gaining new momentum at the end of last week as rumours of a rights issue began to circulate. Turnover in the A shares amounted to SKr198m on the Stockholm Stock Exchange yesterday.

An important consideration for the bank will be the extent to which its leading shareholders agree to support the fund-raising to generate the wider confidence required to make the issue a success. The main shareholders include the Wallenberg family, with around 7 per cent, Trygg-Hansa SPP, the insurance group, and Custos, the investment group.

Some analysts believe the bank could announce a near break-even result after credit losses for the second quarter, which would keep losses for the first half in the SKr500-700m range. In the first quarter, the bank announced an SKr608m operating loss, down 55 per cent on the same 1992 period.

Lower interest rates have reduced the bank's credit losses and enabled it to widen its margins.

MB-Caradon may buy RTZ division

By Maggie Urry and Kenneth Gooding in London

SHARES IN MB-Caradon rose 16p to 303p yesterday after the building materials group confirmed it was involved in preliminary discussions to buy a large part of Pillar, the industrial products division of the RTZ Corporation.

Caradon's share price has been weak recently because of investor uncertainty about how it would spend the £428m ($637.7m) cash pile it received from the sale in April of its 25.3 per cent stake in CarnaudMetalbox, the French packaging group.

RTZ's price was virtually unchanged. The disposal of Pillar had been widely expected because RTZ says it will concentrate on its core mining business – it is the world's biggest mining company.

Neither side yesterday would go beyond a brief statement issued at the insistence of the London Stock Exchange after news of the talks was leaked to Sunday newspapers. The leaks suggest that a price of £750m to £800m might be paid, depending on how many Pillar operations Caradon acquires.

At the time of Caradon's sale of its CMB stake, Mr Peter Jansen, chief executive, said his group favoured a big acquisition in one of its core areas and that it could afford to spend up to £1bn. Some analysts suggested yesterday Caradon could finance the Pillar deal partly by equity. The group's last rights issue of shares was in November 1991 at 205p.

Pillar operates via four subsidiaries: building products, engineering, electrical and Indal. Turnover was £1.4m last year and net attributable earnings £17m, far below the peak contribution of £162m in 1988. Analysts suggested that it might be excluded from the Caradon deal.

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Continental to cut 2,500 jobs

By Karen Zagor in New York

CONTINENTAL Airlines, the fifth largest US carrier, yesterday said it would cut 2,500 jobs, close operations in nine cities and cease several unprofitable routes after posting disappointing results for the two months after its emergence from Chapter 11 bankruptcy protection.

Mr Daniel Garton, chief financial officer, blamed the company's tepid performance on continuing weakness in ticket prices. "Our results were in line with the rest of the industry but were still not good enough. It is important that we are taking steps to return to profitability and that we are willing to make the hard decisions."

Continental plans to stop services to Australia and New Zealand at the end of October, eliminating several unprofitable routes and closing operations in Sydney, Brisbane, Melbourne and Auckland. It will also close in Vancouver in October and Puerto Plata in the Dominican Republic in September. In the US, it will close in Spokane, Washington, and in Bismarck and Minot, North Dakota.

It will also cut services in some markets and withdraw from its Denver-Milwaukee, Denver-Detroit and Cleveland-Dallas routes. The carrier will continue to serve Milwaukee, Detroit and Dallas through other hubs.

Continental, which emerged from Chapter 11 on April 28, posted an operating loss of $4.2m on revenues of $975.9m for the two months to June 30. The company had a net loss of $24.4m, or $1.45 a share, in the period.

From April 1 to April 27, the predecessor company had an operating loss of $58m on revenues of $476.9m. Net income for the period was $2.75bn.

For the three months to June 30, 1992, Continental had an operating loss of $58m on revenues of $1.35bn. Its net loss in the quarter was $99.2m.

When Continental presented its business plan to the bankruptcy court in April, the company predicted operating losses of $181.2m for the first four months, but projected operating profits of $168.3m for May to December.

Restructuring enables Saab Auto to trim deficit

By Christopher Brown-Humes in Stockholm

SAAB AUTOMOBILE, the Swedish car group jointly owned by General Motors of the US and Saab-Scania, yesterday announced a second-quarter loss after financial items of SKr423m ($51.8m). This is a 17 per cent improvement on the SKr507m deficit for the same 1992 period.

The result helped the company maintain its first-quarter progress and took its first-half loss after financial items to SKr561m, compared with SKr800m last year.

However, there was an SKr123m extraordinary charge covering start-up costs for the Saab 900 model which is to be introduced in the autumn. This left the first-half deficit before appropriations and taxes at SKr684m, against SKr732m last year.

Saab said the improvement reflected the benefits of its ongoing restructuring programme, rather than any market upturn or benefit from the depreciation of the Swedish krona.

First-half sales were down 4 per cent to SKr7.75bn from SKr8.06bn, although the fall in the second quarter was 9 per cent.

A Saab official said market conditions remained very tough in the group's key Nordic markets.

He added that although there had been some improvement in the UK, sales were also falling in Germany and the US market was "not that strong".

First-half retail sales fell to 36,000 cars from 46,000. The company said this was because it stopped making the old 900 series in March and took its holiday period, when production is stopped, earlier than usual.

It is sticking by an earlier forecast of 80,000 sales for the whole of 1993, pinning its hopes on strong demand for the new Saab 900 in the last few months of the year.

The company expects a substantial improvement on the SKr2.69bn deficit it sustained for the whole of 1992 but it says it will remain in the red.

GE buys Wasa unit for SKr1bn

By Christopher Brown-Humes

WASA, the Swedish insurance group, is selling its consumer finance operation, Finax, to GE Capital for more than SKr1bn ($122.4m).

The US company, which is part of the General Electric group, has also agreed to refinance existing Finax borrowings totalling SKr3bn.

The deal will strengthen Wasa's balance sheet and increase its focus on its core insurance activities. The company will make a capital gain of at least SKr330m on the disposal, as Finax has a book value of SKr669m.

It represents GE Capital's first major acquisition in Sweden and is line with the company's desire to expand its consumer financial services operations in Europe.

The group already has a credit card operation, Storecard, in the UK and is in the process of setting up a joint venture consumer lending business in Spain.

Mr Raymond Nied, manager of GE Capital's International Business Development, said: "We think the timing of the purchase is right as we hope the worst of the Swedish recession is now behind us."

Finax services around 400,000 personal customers in Sweden and Norway through five companies offering consumer credit through unsecured loans and credit cards. Last year it made a pre-tax profit of SKr190m on total lending, net of provisions for credit losses, of SKr3.7bn. Profits this year are expected to at least equal last year's level.

Proceeds from the sale will be fed back into the two mutual insurance groups at the heart of the Wasa group, Wasa Life and Wasa Non-Life, though the repayment of inter-company debt. The deal is expected to be completed on August 31.

Share exchange offer for Massa

By David Waller

METRO, the Swiss-based retail giant, is giving shareholders in Massa the chance to exchange their shares for shares in Asko Deutsche Kaufhaus, another quoted German retailer majority-owned by the privately-owned Swiss-retailer.

Metro said this would give shareholders in the lossmaking Massa the opportunity to participate directly in Asko, itself in the throes of extensive rationalisation following Metro's purchase of a majority stake last year.

At present, Massa is 65 per cent-owned by Metro and Asko via MHB Handel, a holding company.

Analysts said the transaction was probably driven by tax considerations – the greater its stake in Massa the larger its potential write-off against profits in other parts of a group which is estimated to have DM70bn ($40.6bn) turnover worldwide.

But Metro said yesterday that the move was appropriate in the light of closer business co-operation between Asko and Massa.

Massa recently reported losses of DM51.5m for 1992 on turnover of DM5.24bn after a net profit of DM17.5m in the previous year. The losses reflect problems with aggressive expansion in credit-finance between 1985 and 1991. This boosted sales of furniture and electronic equipment but led to heavy losses. Mr Dietmar Mooslechner, chief executive, has said Massa would only be fit to pay a dividend in 1994-1995.

Shares in Massa and Asko were suspended yesterday at DM170.50 and DM790 respectively.

The offer is one share in Asko in exchange for four shares in Massa. The Asko shares will come from Metro's own holding in the company.

Profits dip but Kmart optimistic on outlook

By Richard Waters in New York

KMART, the second-biggest US retailer, reported lower post-tax profits in the three months to July with core discount stores remaining under pressure and losses growing on its Pace membership warehouse operation.

But the company's shares edged up $⅝ to $23¼ before the close in New York as Mr Joseph Antonini, chairman and chief executive, said earnings in the second half were expected to exceed last year's levels.

The renewed strength in consumer spending and good weather, as well as the company's own promotional activities, had brought about an improvement in sales, he said.

Net income for the second quarter, at $102m, or 22 cents a share, was down more than one-third from $168m, or 37 cents, a year ago.

The company, which is in the process of revamping many of its stores to compete with the faster-growing Wal Mart, had warned at the end of June of a likely fall in profits.

Sales in the core general merchandise area in the US grew to $6.6bn, or nearly 5 per cent up on a year ago on a comparable basis. However, operating income in the area fell by just under 13 per cent, to $259m, as the sales mix in the US discount stores tilted towards lower-margin goods. This reflected lower sales of higher-maring clothing, due to bad weather, Kmart said. This pushed the company's gross margin down to 23.3 per cent from 23.9 per cent.

Pace, the company's troubled warehouse chain, suffered an operating loss of $39m, including the cost of selling or closing 17 stores during the period. This compared with a $24m loss in the first quarter. Also, interest costs rose to $78m from $59m a year ago on extra debt associated with acquisitions and higher inventory levels.

First-half net income fell to $152m, or 33 cents a share, before special items, from $284m, or 62 cents, the year before.

Sales grew by 10 per cent, to $19.2bn.

WestLB 24% ahead at halfway

By David Waller in Frankfurt

WESTDEUTSCHE Landesbank, the largest and most aggressive of Germany's public sector banks, reported yesterday that first-half group operating profits increased by nearly 24 per cent to DM280.6m ($163.1m).

The increase was achieved despite a substantial increase in provisions against bad and doubtful debts. Mr Friedel Neuber, the bank's chief executive, predicted full-year figures would exceed last year's result despite the prolonged German recession and continuing difficulties in the world economy.

The bank, the 'house' bank to the state of North-Rhine Westphalia, is, according to some measures, the third-largest in Germany, in all areas of business a strong rival to Germany's "big three" commercial banks. The rate of increase in first-half profits at WestLB was higher than at Deutsche Bank, Dresdner Bank and Commerzbank. In recent weeks they reported increases in profits of 13, 14 and 16 per cent respectively.

German banks as a whole have profited from rising German bond and equity markets as well as currency market turmoil and hectic derivatives trading. As in the private commercial banking sector, WestLB's profits growth reflects performance in own-account trading together with fee-income generated from securities business. The bank also had a strong increase in profits from interest income generated from the mainstream lending business – for the private sector institutions growth rates were more anaemic.

WestLB's profits from own-account trading more than doubled to DM190.7m – up by DM101m over the comparable period in the previous year.

WestLB, like other German banks, makes its calculations with reference to half the profit made in the whole of the previous year – not the actual profits for the first six months of last year. Fee income rose by 12.6 per cent to DM230.4m and interest income climbed by nearly 16 per cent to DM1.33bn.

Like other German banks, WestLB disclosed for the first time the scale of its bad and doubtful debt provisions. These were DM468.8m in the first half, 43 per cent up on last year's comparable DM326.3m. This reflects the sharp deterioration in the credit environment in Germany's worst economic downturn since the second world war.

Philips to regroup electronic media side

By Ronald van de Krol in Amsterdam

PHILIPS, the Dutch electronics group, is to regroup its international efforts in the field of consumer electronics "software" as part of an attempt to seize worldwide opportunities in the field of multi-media education and entertainment.

It described the internal reorganisation as a first step to making Philips a truly global competitor in electronic media. The core of the Dutch company's revamped efforts in electronic media will be its New York-based Philips Media unit.

The unit's creation earlier this year had already underlined the company's heightened interest in producing and distributing "software" to complement consumer electronic "hardware" such as televisions, video cassette recorders (VCRs) and new products like compact disc-interactive.

Philips, Europe's largest manufacturer of consumer electronics, is trying to emphasise high-margin software, such as video cassette rentals, as a way of countering the narrow margins and fierce price wars in the sale of VCRs and compact disc players.

In its new guise, Philips Media will bring together the group's existing international and national programmes in interactive media into one organisation. The new organisation, Philips Media Electronic Publishing, will aim to grow in target markets such as children's electronic publishing and the production of electronic games and home entertainment packages.

"I believe the company's new structure will enable us to be both responsive and proactive in this rapidly changing world of electronic media," Mr Scott Marden, chief executive officer of Philips Media, said.

Mr Marden said one of the unit's prime tasks was to enable Philips to pursue opportunities with other media companies. Philips Media's interests include a minority stake in Whittle Communications of the US, which is active in TV programmes broadcast to US schools, and Blockbuster, the US video rental chain.

The strengthening of Philips Media in New York is also part of a trend towards locating Philips management closer to major markets and away from the group's base in the Dutch town of Eindhoven. Earlier this summer, Philips said it was moving the headquarters of its audio business from Eindhoven to Singapore

Abbey sells estate agency chain

By John Gapper Banking Editor

ABBEY NATIONAL is selling its 347-branch Cornerstone estate agency chain for less than one-tenth of the price per outlet paid by many buyers in the late 1980s.

The sale will end a six-year venture into estate agency which has cost the UK bank an estimated £258m ($384m).

Abbey is selling Cornerstone for £8m to two chartered surveyors who are backed by Provident Life, the life insurance company. The deal will create the UK's largest independently-owned chain of estate agents.

The sale price is equal to £23,000 per agency, against about £250,000 per branch paid in the housing boom of the late 1980s as mortgage lenders and life companies competed to build up distribution arms.

Abbey will still operate mortgage selling units in 50 of the Cornerstone branches.

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Argos chief warns against tax rises

By Neil Buckley in London

MR DAVID Donne, chairman of the UK retailers Argos, yesterday warned Mr Kenneth Clarke, the UK finance minister, that any tax increases in his November Budget could devastate retailers' profits.

His warning came as Argos revealed a 39 per cent rise in profits to £13.2m ($9m) for the 24 weeks to June 19, on sales up 10.3 per cent to £365.9m.

"Increasing taxes in the Budget could have a serious impact on the all-important Christmas trading period," Mr Donne said.

Excluding the impact of new stores, sales had increased 5.9 per cent. However, Argos estimated the underlying increase in consumer spending at only 1.8 per cent, although that compared with a 0.9 per cent fall in the first half of 1992, and a 1 per cent increase in the second half.

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Record half year at Vital Forsikring

By Karen Fossli in Oslo

VITAL FORSIKRING, one of Norway's top three insurers, has reported a near three-fold jump in half-year pre-tax profit to a record NKr1.62bn ($216.9m) from NKr555m last year, helped by substantial gains on shares and bonds. The company's A shares closed down NKr1 to NKr70 after hitting a high of NKr73 on news of the improved performance.

Group premium income rose in the half-year by NKr226m to NKr1.7bn as gross financial income shot up to NKr2.49bn from NKr1.47bn. Operating expenses were largely unchanged at NKr289m.

The group's share portfolio was valued at NKr3.7bn.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Prices for Trading on 17.08.93: Pool purchase price £/MWh	Final Prices for Trading on 28.07.93: Pool purchase price £/MWh	Pool selling price £/MWh
0030	19.00	18.18	18.18
0100	18.09	18.18	18.18
0130	18.09	18.18	18.18
0200	18.05	18.18	18.18
0230	18.05	18.18	18.18
0300	18.09	18.18	18.18
0330	18.05	18.18	18.18
0400	18.05	18.18	18.18
0430	18.05	18.18	18.18
0500	18.05	18.08	18.08
0530	18.05	18.04	18.04
0600	18.05	18.04	18.04
0630	18.06	18.03	18.03
0700	22.74	24.80	30.50
0730	25.21	24.82	30.44
0800	25.14	25.45	30.84
0830	25.84	26.53	31.88
0900	27.42	27.28	32.83
0930	28.25	34.13	39.88
1000	33.14	34.17	39.89
1030	33.14	31.93	37.48
1100	33.15	27.43	32.84
1130	33.16	31.82	37.43
1200	33.17	36.55	41.33
1230	33.16	35.53	41.24
1300	33.14	35.40	41.04
1330	27.42	27.64	32.97
1400	27.13	27.58	32.90
1430	27.13	27.55	32.85
1500	27.13	26.44	31.71
1530	26.67	26.44	31.71
1600	26.67	26.16	31.42
1630	33.01	32.58	38.06
1700	33.01	34.14	39.84
1730	33.01	34.10	39.80
1800	33.00	32.48	37.97
1830	27.48	26.08	31.35
1900	27.48	26.08	31.38
1930	27.48	26.08	31.42
2000	27.48	26.08	31.45
2030	25.21	116.48	125.48
2100	49.45	20.55	20.55
2130	49.45	34.00	34.00
2200	33.00	34.00	34.00
2230	20.68	34.00	34.00
2300	19.82	29.00	29.00
2330	19.00	20.50	20.50
2400	18.54	19.00	19.00

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £18.88/MWh becomes 1.888p/kWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by Energy Settlements and Information Services Limited. Anyone wishing to receive such information should telephone 0602-456789 between 8.30am and 5.15pm Monday to Friday.
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Impala Platinum Holdings Limited

(Incorporated in the Republic of South Africa)
(Registration number 57/01979/06)

Highlights from the chairman's statement

In spite of disappointing conditions in the platinum group metal (PGM) and nickel markets, the financial year ended 30 June 1993 has been remarkably positive for the Implats group. The industrial unrest and technical problems of eighteen months ago have been left behind and the on-going process of technical advance and improving operational efficiencies have put the group in a position to survive and compete in the current market and to face the future from a more robust base.

Nevertheless, however improved the production performance, a reduction of 17% in total sales revenue per ounce of platinum, from R2 411 to R2 010, has reduced turnover by 2% and affected mining income by 37%. This has led to a reduced dividend of 140 cents per share compared to 170 cents per share in 1992.

Principal features of the year were:

* **Platinum** sales volumes were 17% higher than 1992, an all time record for Impala. Platinum revenues increased by 25%
* **Palladium** production also reached new highs. The volume increase and a 14% increase in price resulted in 37% higher palladium revenues

  Rhodium volumes (the same as last year) reflect current metallurgical efficiencies. Sliding rhodium and nickel prices have negated the positive volume and price variances in platinum and palladium. This, a weakness in the gold price, and collapses in the ruthenium and iridium markets reduced sales revenue per ounce of platinum by 17%
* **Turnover** was thus 2% lower than in 1992 at R2,2 billion, despite the volume increases
* **Gross costs** were 10% higher due to increased levels of production and reduced levels of refined stock
* **Unit costs** (per ounce of platinum) decreased by 9%
* **Income** from the supply of metals mined was down by 37% to R375 million due to the lower revenues and higher costs
* Income before **lease, royalties and taxes**, was 32% down at R342 million; royalties increased by 76% to R15 million, and tax by 10% to R99 million principally because of reduced capital expenditures
* **Attributable income** decreased by 22% to R201 million
* **Net debt** at year end of R120 million, represents an increase of R40 million over 1992, but R90 million lower than mid-year

  A R54 million cash call by Eastern Platinum, and reduction in cash balances held by other subsidiaries have meant that Impala's own operations were cash positive
* **Expenditure** by Impala on future productive capacity was dramatically curtailed to R77 million (1992: R297 million)
* **Capital expenditure** to maintain current capacity was R81 million. Total capex was R157 million (R411 million in 1992)
* **A final dividend** of 95 cents per share gives a total dividend reduced by 18% from 170 cents to 140 cents per share
* R9,7 million was provided for the group for future pollution control, rehabilitation and closure obligations
* The JSE listing of Barplats was terminated on 11 June 1993
* No strikes or major disturbances occurred during the year under review
* In May acting chief Mr Mokgwaro George Molotlegi was appointed (as the nominated representative of the Bafokeng Tribe) to the Impala Platinum Ltd board
* Bafokeng North exceeded the previous all-time southern African record of 4,15 million fatality free shifts (previously held by Wildebeestfontein North).

  We regret that eighteen employees died in accidents this year. Efforts to spread across all our operations the successful safe practices of Bafokeng North continue.

Restructuring and rationalisation have resulted in record levels of PGM production being achieved by 7 000 fewer employees than two years ago. Impala recognises with regret the social impact of retrenchment but sees no alternative to protecting the income base of the 40 000 employees who remain.

To reduce overheads the management structure at Bafokeng South was eliminated. Four mines have become three, with substantial cost savings forecast. This decision and further efficiency improvements at all the mines have resulted in a retrenchment programme for a further 2 000 employees being announced in June.

The literacy project has been impeded by the retrenchment programme and to meet the objectives of 80% literacy by the year 2000, annual training targets have been increased by 23%.

Housing projects, providing up to 4 000 stands and finance for employees, are at the stage where house construction on the first developed stands will start in September 1993.

The expansion target has been modified to 1,2 million ounces of platinum per year by financial year 1998. Upside potential to expand further remains and can be pursued if market conditions so dictate but this possibility is not part of the current projections. Capital expenditure will be funded without any significant increase in debt levels.

Immediate prospects are largely dependent on the variability in the rhodium price. While there are good reasons to expect a recovery in this commodity, it would be realistic to expect next year to be similar to or only slightly better than the year under review.

Michael McMahon

Michael McMahon
Chairman

13 August 1993

Audited results for the year ended 30 June 1993

Consolidated Income Statement (Rm)	1993	1992
Turnover	2 213,9	2 263,8
Cost of sales	1 839,2	1 671,2
On-mine operations	1 451,5	1 249,8
Refining activities	269,9	235,5
Other costs	86,6	82,5
Decrease in stock	31,2	103,4
Income from the supply of metals mined	374,7	592,6
Capital expenditure on current productive capacity	80,6	116,5
Income from platinum mining	294,1	476,1
Other income/(expense)	26,4	(7,2)
Financial income	21,0	36,4
Income before taxation	341,5	505,3
Lease, royalties and tax	114,0	98,8
Tax effect of expenditure on future productive capacity	42,9	179,1
Income after taxation	184,6	227,4
Share of net income from associates	16,7	29,9
Outside shareholders' interest	(0,6)	(1,5)
Attributable income	200,7	255,8
Extraordinary items	(14,3)	–
Appropriation for expenditure on future productive capacity	34,5	117,9
Transfer to non-distributable reserves	42,6	13,2
Distributable income for the year	109,3	124,7
Dividends declared	87,1	105,7
Retained income for the year	22,2	19,0
Shares in issue (millions)	62,2	62,2
Earnings per share (cents)	323	411
Dividends per share (cents)	140	170

Consolidated Balance Sheet (Rm)	1993	1992
Ordinary shareholders' interest	2 556,6	2 408,3
Outside shareholders' interest	175,4	174,8
Provision for environmental obligations	31,5	21,8
Long-term liabilities	328,1	235,7
Deferred taxation	66,4	27,5
Capital employed	3 158,0	2 868,1
Fixed assets	2 324,0	2 250,1
Investments	586,8	490,4
Net current assets	247,2	127,6
Assets employed	3 158,0	2 868,1

For and on behalf of the board

J M McMahon
Director

M V Mennell
Director

Declaration of final dividend

Declaration of final dividend

A final dividend of 95 cents per share in respect of the year ended 30 June 1993 has been declared payable to members registered in the books of the company on 3 September 1993. The register of members will be closed from 6 to 17 September 1993, inclusive. The dividend is declared in the currency of the Republic of South Africa. Payments from the United Kingdom transfer office will be made net of non-resident shareholders' tax in United Kingdom currency at the rate of exchange ruling on 20 September 1993 or on the first day thereafter on which a rate of exchange is available.

Dividend warrants will be posted on 30 September 1993.

The full conditions of payment may be inspected at the offices of the transfer secretaries of the company.

By order of the board
Implats Services (Proprietary) Limited
Secretaries
per

H J Gaylard
Group secretary

13 August 1993

Registered Office
3rd Floor Unicorn House
70 Marshall Street, Johannesburg 2001
(P.O. Box 61386, Marshalltown 2107)

Transfer Secretaries
South Africa:
Central Registrars Limited
154 Market Street, Johannesburg 2001
(P.O. Box 4844, Johannesburg 2000)

United Kingdom:
Barclays Registrars
Bourne House, 34 Beckenham Road
Beckenham, Kent BR3 4TU

Standard Chartered to appeal on US ruling

By Andrew Jack

STANDARD Chartered, the UK-based international banking group, is to pursue its legal case against accountants Price Waterhouse in connection with the firm's audit of United Bank of Arizona.

In a statement issued yesterday, Standard Chartered said it had filed a notice of appeal in Maricopa County, Arizona, against the decision by a state superior court judge to overthrow a $338m jury verdict against Price Waterhouse.

Judge John Sticht had last December granted Price Waterhouse's motion for a new trial in July 1992 after ruling that the verdicts were inconsistent.

His judgment overturned a verdict in May last year after an 11-month trial which found against the firm on seven out of eight charges.

That left Standard Chartered with the options of appealing against the decision, pursuing a new trial or entering discussions for an out-of-court settlement.

The bank brought a lawsuit against the firm in 1988 alleging that Price Waterhouse failed to identify and report "material deficiencies" in the loan portfolio and internal control systems of United Bank of Arizona, and that its audits for 1985 and 1986 were negligent.

Standard Chartered bought United Bank in 1987 for $335m. It made heavy losses and was sold 18 months later to Citicorp for $207m.

Securities houses in joint venture

JIH SUN Securities, the Taiwan securities house, has formed a joint venture with Seapower Financial Services of Hong Kong, AP-DJ reports from Taipei.

The venture will engage in cross-trading and investments between Hong Kong and Taiwan. Seapower Group is one of Hong Kong's five largest securities companies.

Toys 'R' Us sales advance 5.5% in second period

By Richard Waters in New York

SALES at Toys 'R' Us, the US toy retailer, grew by 5.4 per cent in the second quarter of the year to $1.3bn, despite a fall in sales inside the US due to a lack of any big-selling new products during the quarter.

Net earnings in the period rose by 8.5 per cent to $35.5m, or 12 cents a share, from $32.7m, or 11 cents, a year earlier. This reflected a switch in sales towards higher-margin products and better control of inventory, said Mr Charles Lazarus, chairman and chief executive.

While sales in the US fell by nearly 2 per cent and the Kids 'R' Us clothing stores also saw lower sales due to bad weather, turnover in Europe grew and the company said it was pleased with its new stores in Austria and Japan.

The improvement in margins should be sustained in the second half as sales of computer game software pick up, said Ms Dorothy Lakner, an analyst at Oppenheimer in New York.

First-half net earnings of $70.9m, or 24 cents a share, were up from $61m, or 21 cents, in the first six months of 1992. Sales in the same period rose by 7.5 per cent to $2.6bn.

HK TV broadcaster posts profits up 27%

By Simon Davies in Hong Kong

TELEVISION Broadcasts, Hong Kong's leading television company, announced a 27 per cent increase in net profit to HK$163.5m (US$21.08m) for the six months to June 1993, up from HK$128.3m in 1992.

Turnover was up only 8.5 per cent to HK$871.5m, and the company said the earnings growth came from more efficient allocation of production resources and more aggressive marketing. However, international programme licensing revenues continued to be hampered by piracy from illegal Taiwanese cable TV operators.

TVB is controlled by Sir Run Run Shaw and Malaysian tycoon Mr Robert Kuok, who attempted to sell a 22 per cent stake to Mr Rupert Murdoch in July, only to be thwarted by Hong Kong's television ownership restrictions. Mr Murdoch was interested in accessing TVB's library of Chinese language programmes.

TVB faces competition with the launch of cable television in Hong Kong on October 31, and from Mr Murdoch, who recently bought 64 per cent of Star, the satellite broadcaster.

The company plans to reap greater yields from its film library by launching its own satellite TV service next year.

The directors declared an interim dividend of 15 cents a share, compared with 12.5 cents in 1992.

● The directors of Hong Kong department store operator Sincere Company, who awarded themselves HK$115m (US$14.9m) in remuneration, against net profit before extraordinary items of HK$47m, yesterday agreed to repay a HK$67m bonus fee. The payment had been approved by shareholders at the annual meeting, but was criticised by the financial community.

Mr Walter Ma, chairman, believes the fees were fair and reasonable. However, he said that "with a view to maintaining the good name of the company", the directors had volunteered to repay the fees.

During the year the group sold its headquarters building, reaping a HK$1.08bn extraordinary profit.

Impala cuts payout as metal prices weaken

By Philip Gawith in Johannesburg

SOUTH AFRICA'S Impala Platinum, the world's second-largest producer, is cutting its dividend by 18 per cent to 140 cents per share in the year to June as weak metal prices caused attributable income to fall by 22 per cent to R200.7m ($59.70m).

The weak financial results disguised a considerable improvement in group operating performance. Mr Michael McMahon, chairman, said the group had left behind the technical and industrial relations problems of 18 months ago.

"The on-going process of technical advance and improving operational efficiencies have put the group in a position to survive and compete in the current market and to face the future from a more robust base," he said.

Although the group achieved record production levels, a 17 per cent reduction in the total sales revenue per ounce of platinum to R2,010, caused turnover to fall by 2 per cent to R2.21bn from R2.26bn. Mining income dropped by 38 per cent to R294.1m from R476.1m.

Increased production and tight cost control saw unit costs fall by 9 per cent. This followed retrenchment measures which saw the labour force decline by 18 per cent – 8,000 people – between December 1991 and June this year.

Capital expenditure was curtailed drastically to R157m from R411m in 1992. Impala is now planning only a modest production increase, to 1.2m ounces a year by 1998 from 1.1m ounces currently. There is no immediate prospect of the Barplats or Messina operations being reopened.

Mr McMahon said future performance would depend largely on movements in the rhodium price. He said "it would be realistic to expect next year to be similar to or only slightly better than the year under review".

Broker gets a lifeline from Daiwa

Emiko Terazono examines the Japanese bank's purchase of Cosmo

DAIWA Bank sees its rescue of Cosmo Securities – the schedule for which is due to be announced today – as a wholly natural move.

The two institutions are former operations of Nomura Shoten, a money exchanger set up by Tokushichi Nomura in the late 19th century. "They are like brother companies," says an official at Japan's ministry of finance.

Mr Hiroshi Nakano, president of Cosmo, said the company had posted extraordinary losses of Y69.8bn ($682m) due to its *tobashi* deals, or shuffling of one client's account to another to avoid realisation of investment losses. "The only way for Cosmo to survive is to become a subsidiary of Daiwa."

Cosmo has a negative net worth of Y7.1bn, and its capital adequacy ratio had plunged to a negative 280 per cent. Daiwa will inject Y70bn to Y80bn through share purchases.

The situation is a clear embarrassment to the ministry of finance and the Securities and Exchange Surveillance Commission, Japan's securities watchdog set up last year. Cosmo said it had found out about the *tobashi* deals early last year, but had not informed the authorities.

The ministry took action against Cosmo over a number of separate *tobashi* cases late last year. The SESC, which had investigated the broker, had failed to uncover the crippling losses.

Although Mr Hirohisa Fujii, finance minister, last week claimed Cosmo's operations were unrepresentative of other small brokerages, many analysts suggest that Cosmo could be the tip of the iceberg. The ministry has started an investigation of 48 brokerages to look for irregular sheet trading.

The rescue will leave Daiwa with more than 50 per cent of Cosmo, making it the first bank to own a stock brokerage affiliate. The anti-monopoly law prohibits banks from holding more than 5 per cent of a company, but in Cosmo's case this ruling has been waived. From April, Japanese banks have been allowed partial entrance into the securities industry.

Ministry of finance officials say that the exception was made because the stock market is still fragile and the economy has yet to recover. "This does not mean we will not let a single broker fail," said Mr Sohei Hidaka, director-general of the ministry of finance. But some analysts assess that Daiwa's acquisition of Cosmos may accelerate the pace of deregulation of the barrier between the country's banking and securities industries.

The government drew up plans in the late 1980s to allow banks into the securities industry. The move met with fierce opposition from Japan's stockbrokers: and the recent weakness of the stock market has tended to slow the banks' entrance into the business.

However, the government's decision to allow Daiwa to rescue Cosmo through acquisition comes as brokerages, especially the smaller houses which depend on commissions from retail operations for revenue, are in dire need of financial help as trading volume on the stock market has plunged. Cosmo itself posted a pre-tax loss of Y150m for the first four months to July.

In the near-term, the Cosmo bail-out is likely to place a heavy financial burden on Daiwa, which will need to pump in additional funds for the broker's restructuring. Moody's Investors Service, the US credit ratings agency, yesterday said it was placing Daiwa Bank under review for a possible downgrade.

Longer term, however, all that could change. According to Mr David Marsh, analyst at IBCA, the banking credit agency, Daiwa is in an exciting position with trust banking, commercial banking and broking as its three main operations.

Investors on the Tokyo stock market remained calm, with the leading Nikkei average moving ahead yesterday. A Cosmo spokesman said while some individual investors had cancelled their accounts, most corporate investors remained undeterred.

● Japan Credit Research Agency is reviewing its J-2 rating of the commercial paper and Triple-B-Minus rating of convertible bonds of Cosmo Securities, AP-DJ reports from Tokyo. Japan Bond Research Institute also is reviewing Cosmo for possible downgrading.

NEWS DIGEST

Pacific Dunlop reshapes pact

PACIFIC Dunlop, the Australian industrial group, has restructured its joint venture marketing and distribution agreement with Adidas, the German sporting goods maker, writes Bruce Jacques in Sydney.

Under the new arrangement, Pacific Dunlop will hold a 51 per cent interest in a new joint venture which will take over and expand a licensing agreement held by the company for Adidas products since 1974.

Mr Philip Bass, Pacific Dunlop managing director, said yesterday the new joint venture would significantly improve competitiveness for the Adidas business.

"The joint venture will allow the Australian business to source independently key products specifically for the Australian market which currently are not in Adidas Germany's international range," he said.

Peerless chief warns on impact of Nafta

PEERLESS, one of North America's biggest carpet groups, will probably manufacture in Mexico if the North American Free Trade Agreement is approved, and shift its US and Canadian mills to more specialised products, writes Robert Gibbens in Montreal.

Industry over-capacity would mean that an upsurge in Mexican production would take some years to materialise, but "there is no mistake about the implications of Nafta," Mr Bram Garber, chairman, said after the annual meeting.

In the US, Peerless was gaining market share and conditions were improving slightly, he said. But in Canada, the market continues to be soft and Peerless is rationalising its distribution system.

Peerless will reduce losses in the current quarter ending August 31, and return to profitability in the third quarter, Mr Garber added.

In fiscal 1993, it lost C$5.2m (US$4m) on sales of C$480m.

Australian publisher turns in A$62.8m

WEST Australian Newspapers, the publishing group, made a net profit of A$62.8m (US$42.6m) for the year to June, writes Bruce Jacques. The dividend is 22 cents a share.

Colgate increases stake in Indian arm

COLGATE Palmolive is paying $25m to lift its shareholding in its Indian business to 51 per cent from 40 per cent, writes R.C. Murthy in Bombay.

The US group will purchase 11.93m shares of Colgate Palmolive India. The Indian company plans a scrip issue and will also make a one-for-10 rights issue at Rs10 a share.

Colgate is the leader of Indian toothpaste market with 60 per cent share, but lags Hindustan Lever and Procter and Gamble in personal products and fabric care items.

Seibu Saison plans to list hotels chain

JAPAN'S Seibu Saison group, led by supermarket operator Seiyu, will list its wholly-owned Intercontinental Hotels Chain (IHC) in either New York or London in two or three years, Reuter reports from Tokyo. Saison will spin off IHC's hotel operating and property management arms into two units and list the former.

US sentiment positive in wake of bullish data

By Patrick Harverson in New York and Sara Webb in London

LONGER-DATED US Treasury securities continued to post solid gains yesterday morning as sentiment in the bond market remained positive in the wake of recent bullish data.

By midday, the benchmark 30-year government bond was up ⅜ at 99 1/32, yielding 6.320 per cent. At the short end of the market, the two-year note was unchanged at 100⅛, to yield 3.964 per cent.

GOVERNMENT BONDS

Bonds firmed from the opening, although traders said the gains were more a reflection of the lack of selling rather than the presence of heavy buying.

The morning's economic news had little impact upon prices. The 0.4 per cent increase in July industrial production was in line with forecasts, although the rise in capacity utilisation to 81.5 per cent was smaller than expected.

Analysts said that the data confirmed that the manufacturing economy remains subdued, and that overall growth this year will struggle to break 2 per cent.

Otherwise, the main feature of the day was some technical yield curve-flattening trades, which involved buying longer-dated Treasuries to shrink the gap between yields at the long and short ends of the market. The long bond was also helped by the fact that last week's auction of $11bn 30-year bonds will be the last such auction until next February.

■ UK GOVERNMENT bonds, which ended last week on an enthusiastic upbeat note, came down to earth yesterday, with longer-dated issues closing nearly ¼ point lower.

Friday afternoon saw a sudden rally in gilt prices following an announcement by the Bank of England that it would not be holding a gilt auction this month.

There had been plenty of speculation last week that the Bank might still hold an auction in August, even though it is well ahead with the government's borrowing programme: the announcement that this month's auction would not take place helped to boost the market and the Liffe gilt futures contract closed at 113.09 on Friday.

However, the euphoria did not last in yesterday's trading as the market appeared to be overbought, and the futures contract touched a low of 112.29 before trading at around 113.00 by late afternoon.

One economist pointed out that, even though the Bank is not holding an auction this month, the market could still see further new supply, albeit in tap form.

The market's main focus of attention this week is likely to be the Retail Price Index figure, which is expected to show a rise to about 1.4 per cent in July, compared with 1.2 per cent in June. The RPI will be announced tomorrow.

■ GERMAN government bonds fell sharply in afternoon trading, partly due to heavy selling by US investors.

The Liffe bund futures contract, which opened at 97.56, quickly rose to its high of 97.63 yesterday morning and then drifted for much of the day. But heavy selling in the afternoon took the futures contract down to a low of 97.15 where it ended the day.

Bund market participants expect the Bundesbank to announce its M3 money supply figures for July sometime this week.

However, dealers warn that the figures are likely to be distorted because of heavy intervention by the central bank during the recent bout of currency turmoil.

■ JAPANESE government bonds ended lower on the day, despite the combination of a strong yen and a fall in money market rates.

The bond market started off on a relatively firm note as some market participants believed that the sharp fall in prices on Friday had been overdone.

The yen reached a new post-war high against the US dollar of 101.10 in Tokyo trading and strengthened still further to 100.80 in the London trading session. But dealers said the yen's strength did little to boost the bond market.

In the money market, the rate on three-month certificates of deposit fell to a new record low of 2.96 per cent, from 3.0 per cent on Friday. The Bank of Japan did little to mop up excess liquidity, dealers said, raising expectations that the central bank may cut its Official Discount Rate fairly soon.

The December futures contract, which opened at 111.31, rose to a high of 111.43 and closed at 110.90, only slightly down from Friday's close of 110.95.

FT FIXED INTEREST INDICES

	Aug 16	Aug 13	Aug 12	Aug 11	Aug 10	Year ago	High *	Low *
Govt.Secs (UK)	102.10	101.93	101.71	101.93	101.05	88.60	102.10	93.28
Fixed Interest	123.81	122.88	122.56	122.31	121.63	105.15	123.81	108.67

Basis 100: Government Securities 15/10/26; Fixed Interest 1928.
* for 1993. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75)
Fixed Interest high since compilation: 123.81 (16/8/93), low 50.53 (3/1/75)

GILT EDGED ACTIVITY

Indices*	Aug 13	Aug 12	Aug 11	Aug 10	Aug 9
Gilt Edged Bargains	117.4	132.1	141.4	117.4	123.7
5-Day average	126.4	130.8	132.6	129.4	142.9

* SE activity indices rebased 1974

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		9.500	08/03	119.0436	+0.148	6.84	6.85	7.08
BELGIUM		9.000	03/03	112.9300	-	7.10	7.07	7.02
CANADA *		7.500	12/03	103.7750	+0.740	6.98	7.00	7.09
DENMARK		8.000	05/03	108.2000	-0.325	6.82	6.75	7.16
FRANCE	BTAN	8.000	05/98	108.9341	-0.015	5.77	5.78	6.08
	OAT	8.500	04/03	115.2500	-	6.34	6.44	6.70
GERMANY		6.500	07/03	101.1150	-0.290	6.34	6.39	6.51
ITALY		11.500	03/03	110.3750	-0.080	10.04†	10.38	10.98
JAPAN	No 119	4.800	06/99	104.9525	+0.048	3.77	3.83	4.01
	No 157	4.500	06/09	122.1365	+0.007	4.16	4.13	4.26
NETHERLANDS		7.000	02/03	105.4200	-0.010	6.22	6.20	6.34
SPAIN		10.300	06/02	104.7272	-0.002	9.47	9.60	10.22
UK GILTS		7.250	03/98	102-26	-1/32	6.28	6.39	6.71
		8.000	06/03	107-28	-5/32	6.88	7.07	7.46
		9.000	10/08	115-06	-7/32	7.32	7.50	7.85
US TREASURY *		5.750	08/03	103-16	+11/32	5.68	5.81	5.68
		6.250	08/23	99-01	+13/32	6.32	6.48	6.54
ECU (French Govt)		8.000	04/03	107.7300	-	6.87	7.01	7.19

London closing. *denotes New York morning session. Yields: Local market standard
† Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents.)
Prices: US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Sources

Copenhagen SE to launch money market future

By Hilary Barnes in Copenhagen

THE FIRST money market future to be launched on the Copenhagen stock exchange will be introduced on September 22, the fifth anniversary of the start of the futures and options market there.

The Guarantee Fund for Futures and Options announced that the new future will be based on the three-month Cibor (Copenhagen interbank offer rate), the interest rate at which banks and savings banks are able to deposit kroner uncollateralised for three months with a prime bank.

The introduction of a money market future will mean that Copenhagen can offer investors, including foreign investors, a full range of futures and options, which already exist for government bonds, long-term mortgage bonds and the KFX index of most-traded shares.

The contract size for the Cibor futures will be DKr5m, with maturities of three and six months.

Settlement dates will be two business days before the third Wednesday in March, June, September and December, which are also known as the international money market days.

"When the Cibor futures are successfully launched, we will consider launching options on Cibor futures and maybe also other money market instruments," said Mr Tyge Vorstrup Rasmussen, chief executive officer of the Guaranteee Fund.

● Schmalbach-Lubeca, the packaging arm of German utility group VIAG, is increasing the size of its commercial paper programme to DM400m from the original DM250m.

Beijing plans record 1994 treasury issues

BEIJING plans to issue a record amount of treasury bonds next year, Reuter reports from Shanghai.

The planned value of 1994 bond issues is Yn60bnto Yn70bn ($10.4bn to $12.2bn), more than double this year's total of Yn30bn, the Jiefang Daily quoted a senior finance ministry official as saying.

In all, Yn30bn of 1994 bonds will be sold through provinces and localities. These bonds may be traded on the secondary market, the paper said.

Another Yn30bn would be bought by state-owned "specialist" banks and would not be traded, while Yn10bn would be paperless scrip for issue on the primary market.

At present, state banks hold virtually no bonds, depriving the Beijing of a powerful tool to regulate the economy.

However, the official made it clear that state-owned banks are being asked to buy bonds not for the state to use as an instrument of economic control but to utilise the banks' huge deposits to bail the government out of its immediate financial crisis.

The newspaper gave no details of the coupon rates for next year's bonds. Three-year bonds issued this year carry a coupon of 13.96 per cent and five-year bonds 15.86 per cent.

The 1993 bond issues flopped because coupon were set unrealistically low and were swamped by inflation. In addition, many individual investors chased opportunities in the booming stock and property markets and were lured by spectacular returns from unauthorised enterprise bonds.

Beijing was twice forced to raise 1993 coupons. In the end, the issues were forced on local governments with a threat to stop provinces from listing shares on China's stock markets until the bonds were sold.

After extending the deadline for selling the bonds, Beijing said last month that they had been sold. The authorities are increasingly relying on-bonds to balance the budget.

Strong demand for C$1bn global offering from Quebec

By Antonia Sharpe

THE INTERNATIONAL bond market had a fairly active start to the week as the Province of Quebec launched its previously-announced C$1bn global offering to good demand. Syndicate managers expect new bond issuance to remain buoyant in the coming days.

A spokesman at the joint lead manager, Merrill Lynch, said that strong investor interest, especially from North America and Europe, enabled Quebec's 10-year bonds to be priced to yield 68 basis points above the yield on the Canadian 7¼ per cent Treasury due 2003.

The pricing of the offering came at the lower end of the yield spread target of 68 to 70 basis points. The bonds were freed to trade yesterday afternoon and were bid at their re-offer price of 98.813.

In addition to Luxembourg, Quebec's global offering has listings in Hong Kong and Singapore for the first time, to recognise the growing interest among Pacific/Asia investors for bonds which are traded internationally.

The World Bank also included Hong Kong in the listing of its $100m three-year deal, for the same reason as Quebec.

INTERNATIONAL BONDS

Yesterday's offering from the World Bank gives investors an opportunity to increase their return if Italian interest rates fall during the life of the bonds.

The initial, semi-annual coupon on the bonds will be 2 per cent. Thereafter, the coupon, which is paid in dollars, will pay 11.5 per cent minus six-month lire Libor, which stood just below 9 per cent yesterday.

"We believe that Italian interest rates will go a lot lower," said a spokesman at the lead manager, Morgan Stanley, which has arranged similar deals in various currences for private placement in the past. He added that the borrower had hedged itself against this eventuality.

Investors in Pacific/Asia had shown a particular interest in the offering and around half of the bonds already sold had been placed in that region, the spokesman said. The bonds were re-offered at their issue price of par and were not freed to trade by yesterday afternoon.

In the same sector, Cemex, the Mexican cement company, launched a $120m seven-year offering which completes its $650m Euro medium-term note programme. A spokesman at the lead manager, Citibank, said that most of the bonds were placed with US investors but that there had been interest from Europe and Japan. US investors are keen to buy Latin American bonds because their higher yield.

Cemex's bonds were priced to yield 311 basis points above the yield on the 8.75 per cent US Treasury of August 2000. The pricing reflects the steady tightening of yield spreads for Latin American issuers over the last year.

The bonds were freed to trade yesterday and were quoted at par bid, up from a re-offer price of 99.74.

● The European Bank for Reconstruction and Development (EBRD) has set up an Ecu1bn global commercial paper programme under which it may issue commercial paper in the US and in the international bond market.

The EBRD plans to draw on the multi-currency facility at the start of September, Ms Véronique Pellan, part of the bank's funding team, said.

She added that proceeds from the programme will be used to replace existing bank loans and for cash management and short-term hedging purposes.

With regard to the EBRD's longer-term borrowing programme, Ms Pellan said that the bank has almost completed its 1993 funding target of Ecu900m.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book runner
US DOLLARS							
Cemex(a)	120	10#	99.74R	Aug.2000	1.25R	+311(8¾%-00)	Citibank International
World Bank‡	100	(b)	100R	Sep.1996	0.1675R	-	Morgan Stanley Intl.
CANADIAN DOLLARS							
Province of Quebec(c)	1bn	7.54	98.813R	Dec.2003	0.35P	+68 (7¼%-03)	M.Lynch/ ScotiaMcLeod

Final terms and non-callable unless stated. The yield spread (over relevant government bond) at launch is supplied by the lead manager. ‡Floating rate note. #Semi-annual coupon. R: fixed re-offer price; fees are shown at the re-offer level. a) 15% withholding tax applies. b) Coupon pays 4% annual (ie 2%) on 13/3/94 and 11.5% - 6-month Lire Libor (in $) thereafter. c) Global issue. Short 1st coupon. An additional C$100m was issued to Caisse de Depot et Placement de Quebec.

MARKET STATISTICS

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:00 pm on August 16

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FLOATING RATE NOTES	Issued	Bid	Offer	C.cpn
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CONVERTIBLE BONDS	Issued	Conv. price	Bid	Offer	Prem.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	30	25	26
Other Fixed Interest	12	2	1
Commercial, Industrial	432	213	778
Financial & Property	380	54	380
Oil & Gas	24	18	39
Plantations	0	0	8
Mines	58	27	49
Others	41	35	49
Totals	977	374	1,330

LONDON RECENT ISSUES

EQUITIES

Issue Price	Am'nt Paid up	Latest Renunc. Date	1993 High	1993 Low	Stock	Closing Price	+or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
120	F.P.	-	147	125	Balgrchik	140		-	-	-	-
†150	P.P.	-	188½	150	British Telecom (P.Paid)	185¼	-2½	N15.6	1.4	4.4	21.0
100	F.P.	-	99	94	Dunedin Japan Inv	99	+½	-	-	-	-
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price	Amount Paid up	Latest Renunc. Date	1993 High	1993 Low	Stock	Closing Price	+or -
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

RIGHTS OFFERS

Issue Price	Amount Paid up	Latest Renunc. Date	1993 High	1993 Low	Stock	Closing Price	+or -
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8	Nil	1/9	3½pm	2½pm	¶Northumbrian Foods	3pm	
120	Nil	16/8	35pm	28pm	Rubicon	33pm	
275	Nil	17/9	31pm	16pm	Sidlaw	27pm	-1
240	Nil	22/9	40pm	36pm	TT Group	36pm	
10½	Nil	27/8	1½pm	1¼pm	¶Villiers	1¼pm	

pm Price at a premium. † Price offered to public.
For other notes please refer to the Guide to the London Share Service.

TRADITIONAL OPTIONS

- First Dealings Aug. 9
- Last Dealings Aug. 20
- Last Declarations Nov. 11
- For settlement Nov. 22

3-month call rate indications are shown in Saturday editions.

Calls: Anglo Pacific Res., Astec (BSR), Caverdale, GBE Intl., Hanson Wts., Medeva, Mosaic, Rea Bros., Serco, Shanks & McEwan, Standard Chart. and YRM. Puts: Ratners and Transfer Tech.

FT-SE ACTUARIES INDICES

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LIFFE EQUITY OPTIONS

Option		Calls			Puts		
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ladbroke (*206)	220	5½	13	15½	24	28½	34½
Utd Biscuits	360	35½	45½	48	9	17½	25
(*384)	390	16½	29	31½	24	32	40½
Option		Oct	Dec	Mar	Oct	Dec	Mar
Fisons	160	20½	23½	26½	6	10	13½
(*172)	180	9	13	16½	16	21½	24½
Blue Circle	260	26½	32	39	3	11½	15½
(*280)	280	12	20½	28	9	21	25
British Gas	300	28	30½	34½	2½	8½	11
(*322)	330	6	12½	19	12	23½	26
Dixons	220	12½	22½	28½	7½	15	19½
(*223)	240	4	14	20	20½	26	30½

August 16 Total Contracts 23,777
Calls 12,909 Puts 10,868
FT-SE Index Calls 2,855 Puts 4,087
Euro FT-SE Calls 1,305 Puts 1,608
*Underlying security price. †Long dated expiry mths.
Premiums shown are based on closing offer prices.

FT-ACTUARIES FIXED INTEREST INDICES

	PRICE INDICES	Mon Aug 16	Day's change %	Fri Aug 13	Accrued interest	xd adj. 1993 to date
	British Government					
1	Up to 5 years (25)	129.11	+0.02	129.08	1.66	7.40
2	5-15 years (23)	155.62	-0.02	155.66	1.82	8.59
3	Over 15 years (9)	174.90	+0.04	174.84	1.94	7.32
4	Irredeemables (6)	204.39	+0.42	203.52	3.09	7.35
5	All stocks (63)	151.20	+0.01	151.19	1.80	8.04
	Index-Linked					
6	Up to 5 years (2)	185.97	-0.03	186.03	0.29	3.41
7	Over 5 years (11)	180.98	+0.12	180.77	0.82	3.20
8	All stocks (13)	180.61	+0.10	180.44	0.76	3.22
9	Debs & Loans (65)	142.48	+0.85	142.83	1.66	7.62

	AVERAGE GROSS REDEMPTION YIELDS		Mon Aug 16	Fri Aug 13	Year ago (approx.)
	British Government				
1	Low	5 years	6.36	6.35	8.55
2	Coupons	15 years	7.15	7.15	8.86
3	(0%-7¾%)	20 years	7.28	7.29	8.86
4	Medium	5 years	6.46	6.46	9.39
5	Coupons	15 years	7.29	7.28	9.06
6	(8%-10¾%)	20 years	7.37	7.37	8.99
7	High	5 years	6.66	6.67	9.62
8	Coupons	15 years	7.51	7.51	9.26
9	(11%-)	20 years	7.54	7.54	9.16
10	Irredeemables(Flat Yield)		7.43	7.46	9.13
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	2.79	2.78	4.23
12	Inflation rate 5%	Over 5 yrs.	3.31	3.32	4.52
13	Inflation rate 10%	Up to 5 yrs.	2.07	2.05	3.43
14	Inflation rate 10%	Over 5 yrs.	3.15	3.16	4.32
15	Debs &	5 years	7.80	7.86	10.70
16	Loans	15 years	8.16	8.25	10.41
17		25 years	8.31	8.38	10.27

Move to selling by mail order being considered

Argos jumps 38% to £13.2m

By Neil Buckley

ARGOS, the catalogue shopping group, said yesterday it was examining a "number of options" for diversification and hinted that a move into direct mail order selling might be a possibility.

Argos' venture into furniture retailing through its Chesterman chain proved to be a costly error as customer demand failed to meet expectations, and Chesterman was closed in March. But Mr Mike Smith, chief executive, said the company was still keen to extend its retail activities into areas "consistent with our competence".

If Argos failed to find a suitable opportunity for expansion or acquisition it had not ruled out redistributing some of its cash reserves to shareholders in the form of higher dividends, he added.

His comments came as the group revealed a 38 per cent rise in interim pre-tax profits to £13.2m.

Mr Smith said the company had seen a fragile recovery in consumer confidence and total sales in the 24 weeks to June 19 were up 10.3 per cent to £366m (£332m).

Stripping out the effect of seven new store openings, however, the like-for-like sales increase was 5.9 per cent.

Mr Smith said much of this increase was due to "management initiatives, including the conversion of its remaining "Best Sellers" stores, which previously carried only a limited range, to a full range, and changes to its catalogue.

Last year's pre-tax figure of £9.5m included a £2.25m loss at the Chesterman furniture chain. Excluding that loss, the profit increase was 11.9 per cent.

Although profits were in the mid-range of analysts' forecasts of between £12m and £14m, the share price slipped 10p to 328p.

Analysts said the City was worried that Argos faced higher costs, and pressure on its gross margin.

Mr Smith said the gross margin last year increased by 0.25 percentage points, thanks to increased sales of higher margin items such as furniture and jewellery.

However, he admitted that growing price competition in UK retailing would "drive gross margins down".

The interim dividend is lifted to 2.35p (2.2p), while earnings rose from 2.08p to 2.93p.

Trevor Humphries

Mike Smith (left) with Bob Stewart, finance director: a further 25 store openings are planned this year, taking the total to 322

Interest income fell slightly due to lower interest rates, but this was partly offset by an increase in average cash balances to £112m (£88m).

Mr Smith said Argos planned to open a further 25 stores this year, taking the total to 322. It has an eventual target of about 600 stores.

WB Inds cuts losses to £795,000

WB INDUSTRIES, the West Bromwich-based spring maker whose shares were suspended at 10p last November, reduced pre-tax losses for the year to December from £1.88m to £795,000.

Turnover fell to £6.99m (£9.67m).

Losses per share were 12.38p against 70.83p after an extraordinary charge of £3.65m.

The company said it still relied heavily on bank support.

Its recovery "will be slow, taking two to three years to see the property assets contributing materially to profits and cashflow."

The spring business should return to profit next year, it said.

Sotheby's hits $19m on back of sales boost in Europe and US

By Peter Pearse

SOTHEBY'S Holdings, the auction house, more than doubled pre-tax profits from a recession-induced low of $9.09m to $19.1m (£12.6m), in the six months to June 30.

The group is controlled by the Detroit-based Taubman family but is still quoted in London and New York.

Mr Michael Ainslie, president and chief executive officer, ascribed the profits advance both to the rise in the auction sales volume in Europe and the US and to the increase in the buyers' premium.

Previously, buyers and sellers were charged 10 per cent of the hammer price on all lots sold; since January 1, buyers have paid 15 per cent on the initial £30,000 of all purchases and thereafter 10 per cent.

Operating income from auctions leapt to $17.4m ($6.41m) on revenues of $114.5m ($101m). Pre-tax income from auctions totalled $19m ($9.05m).

Also real estate profits grew to $1.36m ($913,000). However, income from financial services declined to $1.45m ($1.82m) "principally due to the lower revenues associated with a smaller loan portfolio", which has been reduced in line with the general economic as well as art market conditions.

Corporate operating expenses swelled to $3.06m ($2.72m).

Earnings expanded from 10 cents to 21 cents per share.

Auction sales were ahead 31 per cent at £418m, or 12 per cent at $635m allowing for a $40.5m reduction for adverse currency exchange rates.

The renewed activity had come from both buyers and sellers, said Mr Ainslie.

This time 40 lots were sold for more than $1m, against 33 last time.

Impressionist and Modern art increased sales from $72.4m to $135.5m, with one painting by Cézanne – Nature Morte: Les Grosses Pommes – fetching a record $28.6m.

Jewellery also saw "significantly improved sales".

ADT hit by absence of exceptional income

By Peggy Hollinger

ADT, the security and vehicle auctions group which recently completed a $1.25bn (£830m) restructuring, yesterday reported a 9 per cent decline in interim pre-tax profits to $68.7 on net sales marginally higher at $678.8m.

The decline over the six months to end-June was largely due to the absence of exceptional gains which had flattered 1992's profits by $15.5m. At the operating level, ADT reported a 9 per cent increase to $97.6m.

Net income fell by 20 per cent to $58.4m, after an £8m rise in the tax charge to $10.3m.

Mr Michael Ashcroft, chairman, said the successful conclusion of the refinancing earlier this month meant the group now had "a stable long-term financial structure which will allow the group to continue to develop its two businesses".

The security services division showed a 7 per cent increase in operating income to $69.9m on sales 2 per cent higher at $452.9m. The strongest advance was made in the residential business, with sales 38 per cent ahead of the previous year.

Profits from the vehicle auctions division rose by 8 per cent to $42.1m on sales 2 per cent higher at $182.2m. Mr Ashcroft said vehicle sales had risen in both the UK and US in the second quarter. In the US, sales were 4 per cent higher. In the UK, higher prices due to a supply shortage left volumes 6 per cent up.

Primary earnings per share fell from 57 cents to 45 cents.

ADT also announced yesterday that it intended to redeem its outstanding exchangeable redeemable preference shares at the end of next month. More than 90 per cent of the total had already been exchanged for BAA shares, the group said.

The redemption value of the preference shares was $10.6m. If exchanged into BAA shares, the stock would be worth approximately $19m.

RTZ Pillar up for sale to help focus on mines

By Kenneth Gooding, Mining Correspondent

UNTIL YESTERDAY, the RTZ Corporation had never publicly admitted that the diverse group of companies gathered together under the RTZ Pillar banner was up for sale.

Yet for years it has been clear that there was no place for Pillar if RTZ – as it promised – was to concentrate on its core business.

RTZ's strategy is a simple one: it wants a share in as many of the world's top-class mines as possible – and Pillar's motley collection of downstream industrial products certainly does not fit this bill.

This strategic emphasis was clear even before RTZ in 1989 became the world's biggest mining group with the $3.7bn (£2bn) purchase of most of British Petroleum's mineral and mining assets.

Pillar contributes most of RTZ's UK profits. Turnover of Pillar last year was £1.42bn but it produced only £17m of net attributable profits compared with a peak contribution of £162m in 1988. The following year the UK recession began to take its toll, and Pillar was always among the first businesses to suffer in an economic downturn. Since then the Pillar management has been "restructuring to match capacity with demand" and the workforce has been cut by 7,000 to about 18,000.

Although RTZ insists its policies are never tax-driven, there were good tax reasons for keeping those remaining UK earnings. However, if the UK government goes ahead with plans to change the present corporate tax system which discriminates against companies like RTZ with substantial overseas earnings, the rationale for retaining Pillar will have gone completely.

RTZ acquired Pillar Industries in 1970. Pillar was a large user of aluminium for castings and RTZ was a big supplier of the metal in the UK so it was argued that the two made a good fit.

In 1988 the business took a leap forward with the acquisition of MK Electric for £260m – after an aggressive dawn raid that netted 20 per cent of MK. Three smaller electrical companies were acquired for £23m shortly afterwards. The explanation for this expense was that MK's electrical products would dovetail with Pillar's business for making aluminium, steel, glass and plastic products for the construction industry.

Pillar's best-known business, apart from MK, was Everest double glazing – but this was sold to MB-Caradon in 1988 for £80m. However, RTZ recently picked up the name and some assets of the Alpine double glazing business which is in receivership.

There are four operating subsidiaries within Pillar: building products, engineering, electrical and Indal Industries.

Building products supplies the housing and construction industries in the UK, Portugal, Italy and Denmark with products including steel lintels, aluminium and wooden windows, steel and plastic cladding and DIY equipment. Last year it contributed £10.6m of net profit, up from £9.7m.

Engineering provides products and services to the aviation, automotive and general engineering industries in the UK. Net profit last year was down from £13.3m to £8m.

Electrical produces a wide range of electrical goods including wiring devices, power distribution systems, security and safety systems, doorbells, emergency lighting and building management systems. Net profits last year were down from £24m to £18.5m.

Indal is a diversified industrial company supplying doors and windows, glass, zinc, steel, aluminium, vinyl and wood products, cladding systems and automotive components in North America. Its net losses last year increased from £5m to £9m.

There is no guarantee that any deal will be worked out with MB-Caradon but, now it is widely known that Pillar is up for sale, there should be no shortage of offers. RTZ likes to drive a hard bargain when selling assets so whether an acceptable offer comes along remains to be seen.

HM launches rights and buys epos maker

By Roland Rudd

METRIC, a privately-owned UK company manufacturing electric point of sale terminals in Poland, is to be acquired by HM Holdings, a shell company, for between £700,000 and £4m in shares and warrants, depending on future profits.

HM yesterday announced a 6-for-1 rights issue raising between £500,000 and £2.1m, with an opportunity for investors to apply for a bigger number of shares and warrants.

The warrants carry an entitlement to subscribe for shares at 1p between August 1 1994 and January 31 1996.

The new company, to be renamed Metric Components, will seek to come to the market in the future.

HM has tax losses and some sizeable shareholders such as the Imperial Tobacco Pension Fund.

Mr Job Maats, who founded Metric and will head the new company, said: "We have a very skilled workforce who cost about a tenth of employees with similar skills working in the M4 corridor or in Silicon Valley."

With the closure of Polish steel factories and mines Mr Maats said Polish workers were "very keen to work for realistic prices".

Metric, which employs 500 people in Poland, has been granted an option on the factory in the Silesia valley by the ministry of privatisation, exercisable within two years.

While the epos terminals for the retail industry are manufactured in Poland, the software is produced in England.

The initial consideration, comprising 70m ordinary shares and 70m warrants, is £700,000.

Up to an additional 330m ordinary shares and 330m warrants will be issued if Metric meets certain profit targets.

It either has to make £500,000 in the year to June 1994, or a bigger sum the following year to be eligible for the additional shares and warrants.

Mr Maats has personally warranted that the average pre-tax profits of Metric for the next two years will not be less than £125,000 and has undertaken to pay any shortfall up to a maximum of £125,000.

Aminex heads for Siberian oil fields

By Peggy Hollinger

THE Russian government has taken an indirect stake in a small Irish oil exploration company in a move designed to open up Siberian oil fields frozen by years of neglect.

Aminex, the exploration tiddler which recently lost its hostile battle for fellow exploration group Tuskar Resources, said yesterday it expected to announce within weeks a deal to rebuild a Siberian oil field.

The group's shares rose sharply on the news, defying the market trend, and closed 25 per cent higher at 37½p.

It also emerged yesterday that Zarubezhneftj (Russian Foreign Trade Corporation), a state-owned body, indirectly owned 17 per cent of Aminex through its 49 per cent stake in East West Oil. East West, a private company controlled by Russian shareholders, owns more then 34 per cent of Aminex.

Mr Brian Hall, chairman of Aminex, said he thought it was the first time the Russian body had invested in a western company. Zarubezhneftj is responsible for procuring oil-field equipment for the Russian Ministry of Fuel and energy, and oversees the government's foreign exploration.

Aminex has appointed Mr Alexander Sarukhanov, deputy director general of Zarubezhneftj and a petroleum engineer, as a non-executive director. Mr Sarukhanov was closely involved with Russia's oil production joint venture with the Vietnamese government.

Mr Hall said Aminex would not be exploring in Siberia. Instead, it would rebuild the infrastructure of existing fields relying heavily on sub-contracting. "So much production has been shut in through neglect," Mr Hall said.

Two distribution disposals at BM

By Peter Pearse

THE PROGRAMME of disposals and debt reduction continued at BM Group yesterday, as the engineering concern announced the sale of BM Plant and Talbot Diesels, its UK distribution businesses, to a management team.

The move is part of BM's plan to shed all or part of its interests in construction equipment distribution worldwide. The group has borrowings in excess of £100m and has had its banking facilities extended until September 6.

While BM will receive only £850,000 cash from the disposals – and £200,000 of that is deferred for one year – the borrowings of the two companies, which amounted to £4.27m at June 30, are being retained by them. So the disposals will knock some £5m from group debt.

The buyer is Halliard, shareholders of which include some of the present directors and managers of BM Plant and Talbot. These include Mr GJ Hall, a director of BM. He will resign that post and will receive no compensation.

FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Monday, August 16, 1993. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
Afghanistan	(Afghani)	2115.75	1425.71	845.455	1410.5
Albania	(Lek)	161.15	108.592	64.3956	107.433
Algeria	(Dinar)	29.3295	19.7638	11.72	19.563
Andorra	(Fr Fr)	8.8675	5.9754	3.5434	5.9116
	(Sp Peseta)	208.40	140.431	83.2767	138.933
Angola	(New Kwanza)	6014.50	4052.9	2403.4	4009.87
Antigua	(E Carr $)	3.9555	2.6654	1.5806	2.637
Argentina	(Peso)	1.4875	0.9888	0.5864	0.9783
Aruba	(Florin)	2.6225	1.7671	1.0479	1.7483
Australia	(Aus $)	2.1665	1.4599	0.8657	1.4443
Austria	(Schilling)	17.625	11.8766	7.0429	11.75
Azores	(Port Escudo)	257.50	173.518	102.897	171.667
Bahamas	(Bahama $)	1.4840	1	0.593	0.9893
Bahrain	(Dinar)	0.5510	0.3712	0.2201	0.3673
Balearic Is	(Sp Peseta)	208.40	140.431	83.2767	138.933
Bangladesh	(Taka)	58.5590	39.4602	23.4001	39.0393
Barbados	(Barb $)	2.9465	1.9855	1.1774	1.9643
Belgium	(Belg Fr)	53.40	35.9838	21.3386	35.6
Belize	(B $)	2.93	1.9743	1.1708	1.9533
Benin	(CFA Fr)	443.375	298.77	177.173	295.583
Bermuda	(Bermudian $)	1.4840	1	0.593	0.9893
Bhutan	(Ngultrum)	45.8650	30.9063	18.3276	30.5766
Bolivia	(Boliviano)	6.3290	4.2648	2.529	4.2193
Botswana	(Pula)	3.6205	2.4396	1.4467	2.4136
Brazil	(Cruzeiro Real)	120.215	81.0074	48.0379	80.1433
Brunei	(Brunei $)	2.3585	1.5892	0.9424	1.5723
Bulgaria	(Lev)	39.55	26.6509	15.8041	26.3666
Burkina Faso	(CFA Fr)	443.375	298.77	177.173	295.583
Burma	(Kyat)	9.4750	6.3847	3.7862	6.3166
Burundi	(Burundi Fr)	370.00	249.326	147.852	246.667
Cambodia	(Riel)	5127.50	3455.19	2048.95	3418.33
Cameroon	(CFA Fr)	443.375	298.77	177.173	295.583
Canada	(Canadian $)	1.9500	1.314	0.7792	1.3
Canary Is	(Sp Peseta)	208.40	140.431	83.2767	138.933
Cp. Verde	(CV Escudo)	108.70	73.2479	43.4365	72.4666
Cayman Is	(CI $)	1.2455	0.8392	0.4977	0.8303
Cent.Afr. Rep	(CFA Fr)	443.375	298.77	177.173	295.583
Chad	(CFA Fr)	443.375	298.77	177.173	295.583
Chile	(Chilean Peso)	596.50	401.954	233.362	397.667
China	(Renminbi Yuan)	8.4805	5.7146	3.3888	5.6536
Colombia	(Col Peso)	1178.55	794.171	470.949	785.7
CIS ♣	(Rouble)	0.87010	0.5863	0.3478	0.58
		1479.80m	997.17	591.329	986.533
Comoros	(CFA Fr)	443.375	298.77	177.173	295.583
Congo (Brazz)	(CFA Fr)	443.375	298.77	177.173	295.583
Costa Rica	(Colon)	209.15	140.937	83.5764	139.433
Côte d'Ivoire	(CFA Fr)	443.375	298.77	177.173	295.583
Croatia	(Dinar)	6278.25	4230.63	2508.79	4185.5
Cuba	(Cuban Peso)	1.1095	0.7476	0.4433	0.7396
Cyprus	(Cyprus £)	0.7616	0.5132	0.3043	0.5077
Czech Rep.	(Koruna)	43.50	29.3126	17.3826	29
Denmark	(Danish Kroner)	10.3500	6.9743	4.1358	6.9
Djibouti Rep	(Djib Fr)	256.00	172.507	102.298	170.667
Dominica	(E Carib $)	3.9555	2.6654	1.5806	2.637
Dominican Rep	(D Peso)	19.0450	12.8335	7.6103	12.6966
Ecuador	(Sucre)	2710.250	1826.31	1083.02	1806.83
		2849.40	1920.08	1138.62	1899.6
Egypt	(Egyptian £)	4.9030	3.3039	1.9592	3.2686
El Salvador	(Colon)	12.7750	8.6084	5.1048	8.5166
Equat'l Guinea	(CFA Fr)	443.375	298.77	177.173	295.583
Estonia	(Kroon)	20.05	13.5107	8.0119	13.3666
Ethiopia	(Ethiopian Birr)	7.2015	4.8527	2.8777	4.801
Falkland Is	(Falk £)	1.00	0.6738	0.3996	0.6666
Faroe Is	(Danish Kroner)	10.3500	6.9743	4.1358	6.9
Fiji Is	(Fiji $)	2.2340	1.5053	0.8927	1.4893
Finland	(Markka)	8.6315	5.8163	3.4491	5.7543
France	(Fr)	8.8675	5.9754	3.5434	5.9116
Fr Cty/Africa	(CFA Fr)	443.375	298.77	177.173	295.583
Fr. Guiana	(Local Fr)	8.8675	5.9754	3.5434	5.9116
Fr. Pacific Is	(CFP Fr)	158.00	106.469	63.1368	105.333
Gabon	(CFA Fr)	443.375	298.77	177.173	295.583
Gambia	(Dalasi)	13.2585	8.9342	5.2981	8.839
Germany	(D-Mark)	2.5025	1.6863	1	1.6683
Ghana	(Cedi)	971.44	654.609	388.188	647.627
Gibraltar	(Gib £)	1.00	0.6738	0.3996	0.6666
Greece	(Drachma)	348.40	234.771	139.221	232.267
Greenland	(Danish Krone)	10.3500	6.9743	4.1358	6.9
Grenada	(E Carr $)	3.9555	2.6654	1.5806	2.637
Guadaloupe	(Local Fr)	8.8675	5.9754	3.5434	5.9116
Guam	(US $)	1.4840	1	0.593	0.9893
Guatemala	(Quetzal)	8.4565	5.6984	3.3792	5.6376
Guinea	(Fr)	1190.0	801.887	475.524	793.333
Guinea-Bissau	(Peso)	7325.0	4935.98	2927.07	4883.33
Guyana	(Guyanese $)	184.60	124.394	73.7662	123.067
Haiti	(Gourde)	17.58	11.8463	7.0249	11.72
Honduras	(Lempira)	9.9985	6.7375	3.9954	6.6656
Hong Kong	(HK $)	11.3770	7.6664	4.5462	7.5846
Hungary	(Forint)	140.40	94.6091	56.1038	93.6
Iceland	(Icelandic Krona)	105.61	71.1657	42.2017	70.4066
India	(Indian Rupee)	45.8650	30.9063	18.3276	30.5766
Indonesia	(Rupiah)	3070.95	2069.37	1227.15	2047.3
Iran	(Rial)	2310.00	1556.6	923.077	1540
Iraq	(Iraqi Dinar)	0.4555	0.3069	0.182	0.3036
Irish Rep	(Punt)	1.0745	0.724	0.4293	0.7163
Israel	(Shekel)	4.17	2.8099	1.6663	2.78
Italy	(Lira)	2383.25	1605.96	952.348	1588.83
Jamaica	(Jamaican $)	35.15	23.6859	14.0459	23.4333
Japan	(Yen)	150.00	101.078	59.94	100
Jordan	(Jordanian Dinar)	1.0210	0.688	0.4079	0.6806
Kenya	(Kenya Shilling)	95.8990	64.6219	38.3212	63.9326
Kiribati	(Australian $)	2.1665	1.4599	0.8657	1.4443
Korea North	(Won)	3.15	2.1226	1.2587	2.1
Korea South	(Won)	1181.45	796.125	472.108	787.633
Kuwait	(Kuwaiti Dinar)	0.44168	0.2975	0.1764	0.2944
Laos	(New Kip)	1054.80	710.782	421.499	703.2
Latvia	(Lat)	0.94304	0.6354	0.3768	0.6286
Lebanon	(Lebanese £)	2523.50	1700.47	1008.39	1682.33
Lesotho	(Maluti)	4.9465	3.3332	1.9766	3.2976
Liberia	(Liberian $)	1.4840	1	0.593	0.9893
Libya	(Libyan Dinar)	0.4380	0.2951	0.175	0.292
Liechtenstein	(Swiss Fr)	2.2250	1.4993	0.8891	1.4833
Luxembourg	(Lux Fr)	53.40	35.9838	21.3386	35.6
Macao	(Pataca)	11.7330	7.9063	4.6885	7.822
Madagascar	(MG Fr)	2856.75	1925.03	1141.56	1904.5
Madeira	(Port Escudo)	257.50	173.518	102.897	171.667
Malawi	(Kwacha)	6.4350	4.3362	2.5714	4.29
Malaysia	(Ringgit)	3.7430	2.5222	1.4957	2.4953
Maldive Is	(Rufiya)	17.5435	11.8217	7.0103	11.6956
Mali Rep	(CFA Fr)	443.375	298.77	177.173	295.583
Malta	(Maltese Lira)	0.5810	0.3915	0.2321	0.3873
Martinique	(Local Fr)	8.8675	5.9754	3.5434	5.9116
Mauritania	(Ouguiya)	168.75	112.365	66.6333	111.167
Mauritius	(Maur Rupee)	26.65	18.0029	10.7292	17.9
Mexico	(Mexican Peso)	4.5715	3.0805	1.8267	3.0476
Miquelon	(Local Fr)	8.8675	5.9754	3.5434	5.9116
Monaco	(French Fr)	8.8675	5.9754	3.5434	5.9116
Mongolia	(Tugrik)	586.00	394.879	234.166	390.667
Montserrat	(E Carr $)	3.9555	2.6654	1.5806	2.637
Morocco	(Dirham)	13.8785	9.352	5.5458	9.2523
Mozambique	(Metical)	5756.05	3878.74	2300.12	3837.37
Namibia	(S A Rand)	4.9465	3.3332	1.9766	3.2976
Nauru Is	(Australian $)	2.1665	1.4599	0.8657	1.4443
Nepal	(Nepalese Rupee)	67.7785	45.6728	27.0843	45.1856
Netherlands	(Guilder)	2.8175	1.8985	1.1258	1.8783
N'nd Antilles	(A/Guilder)	2.6225	1.7671	1.0479	1.7483
New Zealand	(NZ $)	2.6580	1.7911	1.0621	1.772
Nicaragua	(Gold Cordoba)	9.0415	6.0926	3.6129	6.0276
Niger Rep	(CFA Fr)	443.375	298.77	177.173	295.583
Nigeria	(Naira)	36.6250	24.6799	14.6353	24.4166
Norway	(Nor. Krone)	10.9175	7.3568	4.3626	7.2783
Oman	(Rial Omani)	0.5580	0.376	0.2229	0.372
Pakistan	(Pak. Rupee)	43.5975	29.3783	17.4215	29.065
Panama	(Balboa)	1.4840	1	0.593	0.9893
Papua New Guinea	(Kina)	1.4565	0.9814	0.582	0.971
Paraguay	(Guarani)	2563.75	1727.59	1024.48	1709.17
Peru	(New Sol)	3.03	2.0417	1.2107	2.02
Philippines	(Peso)	40.0970	27.0195	16.0227	26.7313
Pitcairn Is	(£ Sterling)	1.00	0.6738	0.3996	0.6666
	(NZ $)	2.6580	1.7911	1.0621	1.772
Poland	(Zloty)	27013.0	18202.8	10794.4	18008.7
Portugal	(Escudo)	257.50	173.518	102.897	171.667
Puerto Rico	(US $)	1.4840	1	0.593	0.9893
Qatar	(Riyal)	5.2960	3.5687	2.1162	3.5306
Reunion Is. de la	(F Fr)	8.8675	5.9754	3.5434	5.9116
Romania	(Leu)	1173.87	791.018	469.079	782.58
Rwanda	(Fr)	218.10	146.968	87.1528	145.4
St Christopher	(E Carr $)	3.9555	2.6654	1.5806	2.637
St Helena	(£)	1.00	0.6738	0.3996	0.6666
St Lucia	(E Carr $)	3.9555	2.6654	1.5806	2.637
St Pierre	(French Fr)	8.8675	5.9754	3.5434	5.9116
St Vincent	(E Carr $)	3.9555	2.6654	1.5806	2.637
San Marino	(Italian Lira)	2383.25	1605.96	952.348	1588.83
Sao Tome	(Dobra)	351.60	236.927	140.5	234.4
Saudi Arabia	(Riyal)	5.5030	3.7082	2.199	3.6686
Senegal	(CFA Fr)	443.375	298.77	177.173	295.583
Seychelles	(Rupee)	7.5375	5.0791	3.0119	5.025
Sierra Leone	(Leone)	805.75	542.958	321.978	537.167
Singapore	($)	2.3585	1.5892	0.9424	1.5723
Slovakia	(Koruna)	48.4890	32.6745	19.3762	32.326
Slovenia	(Tolar)	174.9245	117.874	69.8999	116.618
Solomon Is	($)	4.6795	3.1533	1.8699	3.1196
Somali Rep	(Shilling)	3838.30	2586.46	1533.79	2558.87
South Africa	(Rand)	4.9465c	3.3332	1.9766	3.2976
		6.8700g	4.6293	2.7452	4.58
Spain	(Peseta)	208.40	140.431	83.2767	138.933
Spanish Ports in N Africa	(Sp Peseta)	208.40	140.431	83.2767	138.933
Sri Lanka	(Rupee)	71.2480	48.0107	28.4707	47.4986
Sudan Rep	(Dinar)	19.0450	12.8335	7.6103	12.6966
Surinam	(Guilder)	2.6150	1.7621	1.0449	1.7433
Swaziland	(Lilangeni)	4.9465	3.3332	1.9766	3.2976
Sweden	(Krona)	11.9325	8.0407	4.7682	7.955
Switzerland	(Fr)	2.2250	1.4993	0.8891	1.4833
Syria	(£)	31.4975	21.2247	12.5864	20.9983
Taiwan	($)	39.575	26.6677	15.8141	26.3833
Tanzania	(Shilling)	637.25	429.414	254.645	424.833
Thailand	(Baht)	37.3225	25.1499	14.914	24.8816
Togo Rep	(CFA Fr)	443.375	298.77	177.173	295.583
Tonga Is	(Pa Anga)	2.1665	1.4599	0.8657	1.4443
Trinidad/Tobago	($)	8.1090	5.4642	3.2403	5.406
Tunisia	(Dinar)	1.5340	1.0336	0.6129	1.0226
Turkey	(Lira)	17150.30	11557.1	6853.47	11433.9
Turks & Caicos	(US $)	1.4840	1	0.593	0.9893
Tuvalu	(Australian $)	2.1665	1.4599	0.8657	1.4443
Uganda	(New Shilling)	1760.80	1186.52	703.616	1173.87
U A E	(Dirham)	5.3785	3.6243	2.1492	3.5856
United Kingdom	(£)	1.00	0.6738	0.3996	0.6666
United States	(US $)	1.4840	1	0.593	0.9893
Uruguay	(Peso Uruguayo)	5.8965	3.9733	2.3562	3.931
Vanuatu	(Vatu)	177.85	119.845	71.0689	118.567
Vatican	(Lira)	2383.25	1605.96	952.348	1588.83
Venezuela	(Bolivar)	137.05	92.3517	54.7652	91.3666
Vietnam	(Dong)	15565.60	10488.9	6220.02	10377.1
Virgin Is-British	(US $)	1.4840	1	0.593	0.9893
Virgin Is-US	(US $)	1.4840	1	0.593	0.9893
Western Samoa	(Tala)	3.7670	2.5384	1.5052	2.5113
Yemen (Rep of)	(Rial)	24.1725	16.2887	9.6593	16.115
Yemen (Rep of)	(Dinar)	0.6750	0.4548	0.2697	0.45
Yugoslavia	(New Dinar)	19.9240	13.4258	7.9616	13.2826
Zaire Rep	(Zaire)	6100000.0	4110512	2437562	4066687
Zambia	(Kwacha)	651.30	439.386	260.5	434.6
Zimbabwe	($)	9.7495	6.5697	3.8958	6.4996

Special Drawing Rights August 13, 1993 United Kingdom £0.953282 United States $1.39834 Germany D Mark 2.39466 Japan Yen143.190

European Currency Unit Rates August 16, 1993 United Kingdom £0.764595 United States $1.11683 Germany D Mark 1.90817 Japan Yen113.170

Abbreviations: (a) Free rate; (b) Banknote rate; (c) Commercial rate; (d) Controlled rate; (e) Essential imports; (g) Financial rate; (h) Exports; (i) Non commercial rate; (j) Business rate; (k) Buying rate; (l) Luxury goods; (m) Market rate; (n) Public transaction rate; (o) Official rate; (p) preferential rate; (q) convertible rate; (r) parallel rate; (s) Selling rate; (t) Tourist rate (u) Currencies fixed against the US Dollar (v) Floating rate; ♣ CIS applies to states in the Rouble Zone.

Some data supplied by Bank of America, Economics Department, London Trading Centre. Enquiries: 071 634 4360/5.

Monday, August 16, 1993

NEWS IN BRIEF

BIRKBY: Valid acceptances of the recent rights issue to raise £9.2m via the issue of 7.17m shares have been received in respect of 7.1m shares (99.2 per cent).

CHILLINGTON CORPORATION has disposed of its loss-making open-die forging and vehicle body fabrication business for £285,000.

DRAYTON ENGINEERING & International Trust: On the last subscription date of warrants holders of 321,610 warrants subscribed for 1.29m ordinary shares. In accordance with the terms of the warrants, the remaining 678,390 warrants were exercised by the trustees appointed by the company and the 2.71m shares sold in the market at 72p per unit. Warrant holders who did not exercise their subscription rights will receive the proceeds of the sale, less expenses.

FARRINGFORD has received notices to convert a number of the company's 5 per cent convertible redeemable preference shares into 1.5m ordinary shares. In addition, a further 200,000 ordinary shares have been placed at 7.5p per share.

FISHER (ALBERT) has acquired Forman Fish, a fish processor, of Peterhead, Scotland, which has net tangible assets of £100,000.

MISYS has acquired Champs, a hotel software business, from Data Sciences UK for £725,000 cash. Champs, which services about 80 customer sites and had sales of approximately £1.2m in its last financial year, was described as complementary to Misys' Innsite business.

SMITH NEW COURT has received acceptances to its rights issue in respect of 18.94m ordinary shares (94 per cent).

SYCAMORE HOLDINGS is to close the lossmaking foundry division of its Warwill subsidiary. The offshoot's engineering and gearcutting division will continue in operation. The move will involve 70 job losses.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding dividend	Total for year	Total last year
Alliance Trust ....int	14.5	Oct 8	14	-	45
Argos ....int	2.35	Nov 16	2.2	-	7
Benson Group ....fin	0.2	Nov 4	0.1	0.3	0.1
GT Chile Growth ....int	80★	Sept 30	-	-	25
Heath (Samuel) ....fin	4	Oct 4	4	5.5	5.5
LGW § ....int	1.6	Oct 18	1.125	-	3
Seacon § ....int	2.3	Oct 4	2	-	5.1
Takare ....int	0.7	Oct 4	0.6	-	1.8

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock. ★US cents.

Care in the Community Act has limited impact on occupancy

Takare improves to £6.58m

By Maggie Urry

TAKARE, the largest UK nursing home operator, yesterday reported a 16.8 per cent rise in interim pre-tax profits, excluding exceptional items, to £6.58m.

The period, to end-June, covered the implementation on April 1 of the Care in the Community Act which shifted the burden of public funding of nursing home patients from central to local government.

Mr Keith Bradshaw, chairman, said the effect of the reforms had been to reduce occupancy levels from 98 to 97 per cent. Takare's success during this period led him "to view our prospects with a greater degree of optimism than ever before".

He said that local authorities had now got the clinical and financial procedures in place to handle admissions. Local authority admissions, depressed partly by a rush of patients into homes before April 1, had totalled 36 in April, 41 in May, 79 in June and 107 in July. The July total had already been achieved in August, he said.

Turnover rose 65 per cent to £34.9m, and operating profits on continuing businesses rose 73 per cent to £8.27m.

A 45 bed home was sold during the period for £712,000, giving a profit of £370,000 included as an exceptional item. Another home, the only one remaining in Takare's portfolio which does not conform to its purpose-built standard, is being actively marketed. It has 120 beds and is expected to raise substantially more than the other sale.

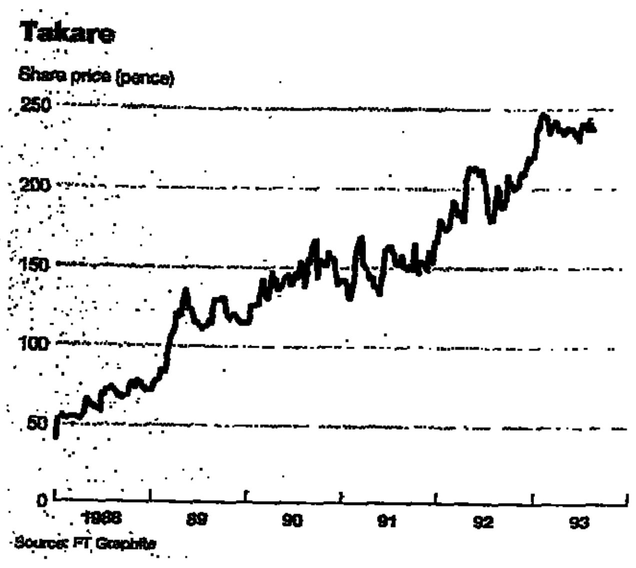
Virginia Bottomley: health secretary

Takare paid interest of £1.7m, compared to interest receivable of £838,000, after capitalising £985,000 (£2m).

The group opened 480 beds and another 450 are due to be commissioned in the second half, to give a year end total of 5,220. Mr Bradshaw said by the end of 1994 there would be 6,600 beds in operation and another 1,400 under construction.

Mr Bradshaw said the construction programme was biased towards the second half and total capital spending for the year would be similar to the £40.9m spent in the whole of 1992.

During the half year, the group spent £14.1m on fixed assets, reducing cash by £7.4m. The balance sheet showed net debt of £45.2m (£37.8m at the year end) to give gearing of 46 per cent (41 per cent).



Source: FT Graphite

Next month Takare is freed from a promise not to issue equity for two years. Mr Bradshaw emphasised the company had cash of over £5m and undrawn bank facilities of £45m, and could continue its expansion programme until the second quarter of 1995 before needing to raise more money, although if that option was pursued it would push gearing towards 100 per cent.

Earnings per share were 6.6p excluding the exceptional profit or 7p including it (5.7p).

The interim dividend goes up from 0.6p to 0.7p.

● COMMENT

The nursing home sector of the stock market is now worth £600m, with Takare the leading force. Its results, like those last week of Westminster Health Care, the number two, are encouraging in that the April 1 reforms seem to have had little serious effect on operations even in the short term. In the longer term, Takare and its like should benefit from the changes, providing the right cost/quality combination to local authority purchasers. As the sector expands, though, there will be some sorting out. Takare is one of the better placed, and on forecasts of about £14.2m excluding exceptionals, the shares are on a prospective p/e of 16.6 which is still good value.

Bakyrchik joint owner surprises with sale

By Kenneth Gooding, Mining Correspondent

FIVE DAYS after trading started in Bakyrchik Gold, a company set up to exploit a gold mine in Kazakhstan, one of the previous joint owners, Chilewich, a New York-based trading organisation, has sold virtually all its 25 per cent stake.

The sale took the market by surprise – there was no hint of it in documents issued in connection with the £9m placing by Williams de Broë – but BK Gold's share price remained steady after the news at 140p, a 17 per cent premium to the placing price.

Chilewich is understood to have been under some pressure from its bankers and sold at 128p a share to raise £3.8m to pay off bank debt.

The shares went to institutions who had had their applications scaled down in the original placing.

Minproc, the Australian resources and engineering group which was BK Gold's other joint owner, also sold some shares – 560,000 received from Chilewich as part of its disposal and 190,000 from its own holding – to raise nearly £1m to fund costs incurred in bringing BK Gold to the market.

Minproc still owns 23.7 per cent of BK Gold and has no intention of disposing of any more shares for at least a year.

Mr David Hooker, BK Gold chairman, said the Chilewich shares were placed last week when it was clear that demand at the placing was unsatisfied.

"We are delighted the market was strong enough to take the shares. It is better for the stock to go out all at once like this than to be dumped or dribbled out to the market," he said.

Powell Duffryn buys

Powell Duffryn, the Berkshire-based specialist engineer, has purchased Pressure Systems, a US supplier of breathing air equipment, for $2.7m (£1.8m) cash.

Based in North Carolina, Pressure Systems has an annual turnover of some $7m. It employs a workforce of 50.

Hoars to sell major stake in Hoskins

By Philip Rawstorne

MR BARRIE Hoar, chairman of Hoskins Brewery, which is facing its second shareholders' rebellion within a year, said yesterday that his family had decided to sell a majority of its 30 per cent shareholding.

He announced the decision as the USM-quoted Leicester real ale brewer reported a 16 per cent increase in full year pre-tax profits to £96,226 (£83,060).

Mr Hoar described the 12 months to end-March as a period of "turmoil in the marketplace".

At the operating level profits declined from £214,749 to £148,701 on turnover 30 per cent lower at £1.22m. Earnings per share rose 28 per cent to 1.77p.

The company, which disposed of nine of its pubs in October last year for £2.45m, now had cash balances of about £850,000, Mr Hoar said.

Interest charges declined from £137,932 to £84,123 while interest income rose from £6,243 to £31,648.

The accounts included an extraordinary charge of £35,254 (£63,126) for the costs of defending last year's unsuccessful attempt by a number of shareholders to remove Mr Hoar and his brother, Robert, from the board.

Other dissident shareholders, led by Mr Richard Holman, who has a 7.4 per cent holding, have now called for an extraordinary meeting in a further attempt to remove the two directors.

Mr Barrie Hoar said yesterday that attacks from dissident shareholders had disrupted efforts to reposition the company. As a result, the Hoar family would sell a majority of its shareholding provided it could ensure that new management would be in the long term interest of all shareholders.

Benson doubles to £1.92m with help from acquisitions

By Paul Cheeseright, Midlands Correspondent

ACQUISITIONS helped Benson Group, the Wolverhampton-based engineer, double annual profits but Mr Richard Phillips, chairman, warned that although there had been some upturn, the pattern of demand was uneven.

Pre-tax profits over the year to May 31 were £1.92m, against £915,000.

Turnover increased to £25.8m (£12.6m).

The sharp rises reflected the purchase in March 1992 of the Thama group of companies, a move which effectively doubled the size of the group.

Earnings per share of 1.45p showed a 33 per cent increase. The proposed final dividend is 0.2p, bringing the total to 0.3p (0.1p).

Earnings were sustained by a low tax charge, following on the tax losses which have been carried forward since Mr Phillips and his management team took over three years ago. Benson carries forward into its new year £7m of tax losses.

The main thrust to increased profits came from the engineered components division, but the performance of the environmental control and vehicle engineering division was sluggish.

During the current year, this pattern is likely to be repeated although Mr Phillips said he expected margins would improve in the environmental control and vehicle engineering divisions.

He noted that the group was not heavily exposed to continental European markets.

Since the year end, Benson has sold Wolverhampton Pressings to Ralph Martindale for £450,000.

NEWS DIGEST

Seacon reduced to £818,000

A DROP in pre-tax profits, from £1.05m to £818,000, was announced by Seacon Holdings, the USM-quoted shipping and distribution group, for the half year to March 31.

Mr Chris Roth, chairman, said that trade in the second half had so far shown signs of improvement. He said that following an initial bedding-in period the modernisation of the Northfleet terminal would increase profitability.

There was an upturn in steel imports in late-February which had been maintained, but it came too late to affect the half year result.

Turnover fell from £9.52m to £9.09m and there were reduced operating profits of £472,000 (£669,000). Earnings per share fell to 5.62p (7.34p) basic and 5.49p (6.88p) fully diluted.

The interim dividend is lifted to 2.3p (2p).

Foreign & Colonial Special Utilities

The recent share placing and offer by Foreign & Colonial Special Utilities Investment Trust was 2.81 times oversubscribed.

Applications worth an aggregate of £35.1m were received for shares worth £12.5m.

Following the oversubscription, the maximum number of income shares and capital shares, 50m in each case, will be issued, representing gross proceeds of £50m.

Applications were received for 28.8m income shares, 3.95m capital shares and 16.2m package units, with commitments for 37.5m income shares and 37.5m capital shares.

Rally at Campbell & Armstrong

Campbell & Armstrong, the shop and office fitting group, returned to the black in the three months to June 30.

The Manchester-based group has changed its financial year-end from March to December to "balance the seasonal influences of activities over the two halves".

Pre-tax profits of £81,000 compared with losses of £553,000 last time and a deficit of £3.65m for the last full year.

Mr Ray Chambers, chairman, attributed the recovery to reduced overheads and the disposal or closure "of those businesses judged incapable of making a positive contribution".

Current order books were improving in shopfitting and manufacturing operations, but remained under pressure in construction activities, Mr Chambers said.

Turnover amounted to £12.8m, up from £12.6m which included a contribution of £442,000 from discontinued operations.

Earnings per share emerged at 0.6p (losses of 3.8p).

The group did not declare an interim dividend.

Samuel Heath 17% ahead to £361,000

Samuel Heath & Sons, the hardware and gift maker, lifted pre-tax profits by 17 per cent from £308,000 to £361,000 in the year ended March 31.

Turnover slipped to £7.06m (£7.1m). Earnings advanced to 8.5p (7.3p) per share and the dividend is maintained at 5.5p via an unchanged final of 4p.

Alliance Trust lifts net assets to £18.46p

Alliance Trust had a net asset value of £18.46p per stock unit at July 31 1993.

The figure compared with values of £17.79p at the investment trust's January year-end and £14.48p at end-July 1992.

After the preference dividend, attributable revenue for the six month period amounted to £12.1m, up from £11.5m, for earnings ahead to 24.1p (22.74p) per stock unit.

The interim dividend is lifted 0.5p to 14.5p; directors also anticipate some increase in the final dividend, set last time at 31p.

LGW 23% ahead with £538,000

LGW, the USM-quoted marketing and luxury goods group which distributes Pierre Cardin Sun Care products, lived up to its projections with a 23 per cent increase in pre-tax profit for the six months ended June 30.

The result was achieved by close attention to margins, overheads and stock levels, the company said.

Profit for the first half was £538,000 (£438,000) on turnover slightly lower at £6.76m to £6.74m.

Earnings per share came out at 6.3p (5.2p) and there will be an increased interim dividend of 1.6p (1.125p).

Coffee rises as Africans agree on retention scheme

By Alison Maitland

COFFEE PRICES built on strong gains in late trading in London yesterday after African producers agreed to join Latin American exporters in keeping up to 20 per cent of their output off the world market.

The plan, designed to shore up coffee prices following the collapse of talks on a new international price pact in March, won the backing of the African robusta producers at a meeting with the Latin American arabica producers in Kampala.

The price of the November robusta futures contract rose to a high of $1,171 after the news came out in the late afternoon, before easing to close at $1,161, up $39. "It was already on the move and that just boosted it," said one trader. "It dispelled any doubts about the weakness of the market that had arisen after New York fell out of bed last week."

The New York December arabica contract was up 2.15 at 74.15 cents a lb in late trading.

The decision by the African producers, which means some 80 per cent of world coffee output will be covered by the retention scheme, was generally expected. The November contract price has risen nearly 19 per cent in the past month, as the Latin American plan gained credibility.

But analysts said last week's sell-off in the New York market, following the evaporation of the latest Brazilian frost scare, might have hastened yesterday's announcement by demonstrating to producers that the recovery in prices was not entirely self-supporting.

The London robusta market held up reasonably well last week as traders anticipated good news from the Kampala meeting. The rise yesterday was helped by trade buying and a shortage of immediate physical supplies, as well as technical moves in the run-up to the expiry of options this week. "Everything seems set fair," said one trader. "The more the market becomes convinced the retention scheme is going to become a reality, there's no reason why it shouldn't go on up."

The 25-nation Inter-African Coffee Organisation had originally proposed to retain 15 per cent of exportable production, but agreed to the 20 per cent figure under pressure from the Latin and Central American producers.

"We believe that a 20 per cent retention is the shock treatment required to deal with a sick market," said Mr Guy-Alain Gauze, the Ivory Coast coffee minister and IACO chairman.

Some coffee producers appear anxious to avoid antagonising consuming countries by pushing up prices too far. Mr Gauze said: "I do not think that this policy of retention favours an excessive price explosion".

The Kampala meeting is also due to set up an association of coffee-producing nations to supervise retention.

Peru aims to attract investment to its oil industry with new laws

By Sally Bowen in Lima

THREE laws governing development of Peru's oil resources were passed in congress last Friday by a substantial majority. According to Mr Demetrio Patsias, former vice-minister of mines and energy, and now a congressman for the ruling alliance, the laws will give the Peruvian oil industry the boost it badly needs.

The legislation is aimed at making Peru as attractive to investors as Colombia or Argentina. Mr Patsias said that in the past two years only eight wells had been drilled in Peru, compared with 100 in Argentina and 50 in Colombia.

The recovery of oil reserves was a top priority, he said – levels have more than halved from about 835m barrels in 1981.

Some earlier legal limitations will be now lifted, investors will be free to dispose of the oil they extract in any way they wish, and exports will be free of tax. In addition, long-standing restrictions that prevented foreign oil companies from exploring within 30 miles of Peru's frontiers have also been eliminated.

A new state organ, Perupetro, is also created. It is charged with the promotion of investment in oil exploration and development, and will replace state-owned Petroperu in the negotiation of contracts with investors. It will also take over administration of taxes and royalties.

It is assumed the new legislation will also clear the way for Petroperu's privatisation. A technical evaluation of the state-owned oil giant has already been carried out by Booz-Allen and Hamilton of New York, but the controversial recommendations – which include splitting the company into up to 40 operating units – have not yet been officially accepted.

Minero plans to sell Ilo copper refinery

THE state-owned mining firm Minero Peru has given notice that it intends to sell off its copper refinery in the southern port of Ilo, where Southern Peru Copper Corporation refines its mineral into copper blister, Reuter reports from Lima.

The refinery is to be sold through an international tender in late November, and Minero Peru will require interested parties to assume certain minimum commitments in developing the refinery, an advertisement by the Minero Peru privatisation committee said.

The refinery, located some 1,100km (660 miles) south of Lima, has capacity to process 190,000 tonnes of blister a year. The advertisement said the sale would be open to national and international investors through a pre-qualification process.

Radio Programas del Peru, in a report from its correspondent in Ilo, quoted Mr Rafael Toledo, the head of the Minero Peru privatisation committee, as saying that Southern Peru was interested in buying the refinery.

Neither Southern Peru nor Minero Peru officials were available for comment.

Southern, with two mines in nearby Cuajone and Toquepala, produces two-thirds of Peru's copper.

Toledo was also quoted as saying there would be a 10 per cent reduction in personnel at the refinery prior to the privatisation.

Minero Peru plans to sell the Cerro Verde copper mine on October 13 and has announced the sale of two copper deposits for the end of the year. Later, it will auction off a gold deposit at San Antonio de Poto and a zinc refinery at Cajamarquilla.

Aluminium group to cut production

By Kenneth Gooding, Mining Correspondent

REYNOLDS METALS, the second-largest US aluminium group, said yesterday it would temporarily close another 88,000 tonnes of capacity because of the worldwide supply/demand imbalance.

It was also reported that a pay strike by Romanian train drivers might force that country's Alro aluminium smelter to shut down because of a lack of raw materials.

But this news produced only a slight rally in London Metal Exchange aluminium prices. Metal for delivery in three months had fallen to $1,200 a tonne, but recovered to close at $1,204.50, down $2.75 from Friday's close.

Rumours of Reynolds' cut had been in the market for two weeks and was "factored into the price already," suggested Mr Angus MacMillan, research manager at Billiton-Enthoven Metals, part of the Royal Dutch/Shell group. Also the cut was not as big as had been hoped. Nevertheless, in the longer term this was good news for the market. "The less capacity there is, the quicker the price will recover. The important thing is for the producers to continue to exercise restraint when prices start to rise next year and not bring back all this shut capacity."

Reynolds pointed out that, once the latest cut became effective in late October, 209,000 tonnes, or 21 per cent, of its total capacity of 991,000 tonnes will have been shut. The 121,000 Troutdale smelter in Oregon has been idle for nearly two years. In October a 41,000 tonne line at the Massena, New York, smelter will be closed down and two totalling 47,000 tonnes at Longview, Washington.

The group is taking a third-quarter, after-tax charge of $8m, or 13 cents a share, to cover the costs which involve laying off 350 employees.

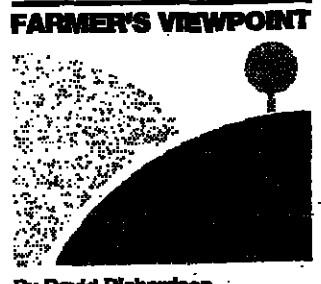
● Nickel production fell 12 per cent to 394,300 tonnes in the first half of 1993, according to the International Nickel Study Group. Nickel consumption rose from 414,200 tonnes to 419,000 tonnes.

● The International Lead and Zinc Study Group reports that lead mine output in the first half was down 7.5 per cent to 1,059,000 tonnes. However, refined lead output was up 1.3 per cent to 2,258,000 tonnes. Lead consumption fell by 1 per cent to 2,210,000 tonnes. Zinc mine output fell by 7.2 per cent to 2,633,000 tonnes and refined output was 0.4 per cent down at 2,722,000 tonnes. Consumption of refined zinc was down 1 per cent at 2,683,000 tonnes.

Britain's dairy marketers prepare for a shake-up

Battle lines are being drawn ahead of deregulation

FARMER'S VIEWPOINT



By David Richardson

THE PONDEROUS and still incomplete reform of the UK system of milk marketing has had rather less appeal than watching a vat of cheese curdle. Progress over a period of three years has been painfully slow and it has often seemed that after every step forward the industry negotiators have slipped two back.

Some tardiness was inevitable, as deregulation of the milk market was forced on the UK by the European Community because of the monopoly powers of the marketing boards. Most dairy farmers, together with the elected milk-producing members of the boards, resent the loss of an organisation that has served them and their fathers well since the 1930s.

But some momentum is beginning to build, albeit at a stately pace. Late last month, the Agriculture Bill permitting the winding-up of agricultural marketing boards received the royal assent. Sometime next month the Milk Marketing Board of England and Wales will publish its proposals for reorganising itself into a co-operative called Milk Marque. By November, it is hoped, Milk Marque will have issued contracts to farmers to supply it with milk; and sometime between April and October 1994 the new organisation will begin trading.

The latest delay is caused, apparently, by the need for Brussels bureaucrats to agree the terms under which Milk Marque can keep some of its subsidiaries.

These include the one that runs the present board's cattle breeding services; National Milk Records, which is exactly what its name implies and provides management advice based on herd yields recorded by board staff; and Quality Testing, a laboratory service that assesses milk purity and freedom from bacteria. It has already been agreed that the board's main subsidiary, the milk processor Dairy Crest, will be floated on the stock exchange with dairy farmers being issued with most of the shares.

Meanwhile, although Milk Marque has said it hopes to purchase 80 per cent of the milk produced in England and Wales, other would-be players in the game after deregulation are beginning to jockey for position.

One of the first to express interest in buying milk direct from farmers was the Co-operative Wholesale Society. It has been holding meetings with dairy farmers for the past two years to tell them what a good buyer it would be, but has not come up with a positive proposal so far.

Last January, Northern Foods launched the Northern Milk Partnership together with disillusioned ex-milk board vice-chairman Mr Richard Smith.

The partnership, it is explained, would act as the procurement agency for the milk required by Northern Foods. The declared target was for 18 per cent of present production, or 2bn litres of milk a year. Last week, Northern Foods said that it had commitments for 75 per cent of the total.

Nestlé was the next to go public with a proposed contract, released last spring, although the company made it clear that it was only interested in producers close to its processing factories, implying a limited demand.

Danish-based MD Foods also entered the ring this summer, indicating that it wanted to buy milk direct from UK farmers and the company sent a caravan round some agricultural shows to try to drum up interest.

Irish dairy company Avonmore has declared that it expects to be another buyer of British milk from British farmers. In addition Unigate, CPC Ambrosia and the newly-independent Dairy Crest are expected to want to purchase direct from farms.

Whether all will eventually secure the contracts they seek is open to conjecture. But as they battle for their share of the new free milk market, it is reasonable to assume that they will be prepared to pay keen prices for supplies and that this may continue for a year or two, until the shape of the market becomes established.

Moreover, the managing director designate of Milk Marque, Mr Andrew Dare, has already said that he expects his new company's price for milk to be among the three highest in Europe.

This was clearly a shot across the bows of his likely competitors and they will equally clearly be forced to match such prices if they want to stay in the game. So milk producers can probably look forward to a short-term boom.

But the background to all this anticipated activity in a sector that accounts for 20 per cent of UK farm production is that it has been losing its share of the home market, mainly to European competition. According to Mr Bud Wendover, head of strategic development for Food from Britain, the UK farming industry's promotional agency, the country's total dairy trade deficit increased last year by 35 per cent to a record £609m, with the balance of trade with other EC members worsening by 38 per cent.

The root of the problem, he said, was that "much of our home-based production is still focused on products of low value in declining markets, while we import higher value products. This cannot be in the interests of either producers or processors".

For while UK sales of liquid milk continue to decline, sales of cream, yoghurt and some cheeses are steadily increasing – and many of those added-value milk products are being imported.

The main reason for Britain's failure to respond adequately to changes in the market mix is historical. Prior to the introduction of milk quotas in 1984, UK dairy farmers were being encouraged by the government to produce as much milk as they could, irrespective of demand. It was denied at the time, as was the possibility of the introduction of quotas, but it was clearly an attempt to enable Britain to qualify for as big a production entitlement as possible.

But that milk had to be disposed of and the only markets guaranteed by the EC at the time were for butter and skimmed milk powder, which were sold as surpluses to EC intervention stores. Plants to process those low-value products were established and most continue to operate.

The present growth area, however, is the market for fresh chilled dairy products such as prepared desserts, yoghurts and soft cheeses. European dairy companies have been quick to recognise this fact and are cashing in.

For the good of UK Ltd as well as a dairy farmers, therefore, it is important that whoever eventually purchases milk from British farmers should position themselves to exploit growth opportunities on our doorstep, rather than leaving them to be filled from abroad.

UK facing free trade 'quagmire'

By Alison Maitland

NORTHERN FOODS, the UK food manufacturer, says "a quagmire" will result from the replacement of the Milk Marketing Board by a "monopoly broker", when the milk industry in England and Wales is opened to competition next year.

In a paper on the new milk market, Northern Foods points out that Milk Marque, the MMB's successor, will have a dominant position but no processing facilities, given the planned flotation of Dairy Crest, the MMB's trading arm.

Therefore the imbalance between supply and demand during the year might tempt Milk Marque to do special deals with milk processors, says the food group, whose Northern Milk Partnership, run jointly with dairy farmers, is the leading rival to Milk Marque.

Mr Neil Davidson, group executive in charge of milk policy at Northern Foods, points out that for 10 months of the year there is not enough milk left over, once fresh market demand is satisfied, to make use of all the processing capacity available to convert it into cheese, butter or skimmed milk. But the opposite is true twice a year – in the spring and over Christmas and New Year – when excess milk supplies are large.

If these processors insist on fixed quantities of milk at special prices in return for accommodating Milk Marque at its most vulnerable time, this would run counter to the need for Milk Marque to be open and fair with all buyers of milk under competition law, says Mr Davidson.

The same would be true, he argues, if Milk Marque offered processors of fresh milk products special deals in order to overcome potential dissatisfaction over the premiums they will have to pay to be sure of obtaining the supplies they need.

"All of this amounts to a quagmire which would not exist but for the presence of a monopoly broker," he says.

Mr Davidson also questions the justification for the MMB's claim that Milk Marque will pay UK producers among the highest prices in Europe. Some northern European milk farmers are paid more than UK producers because their input costs are higher and because they tend to sell their milk directly to the consumer through co-operatives, he says.

If Milk Marque did achieve such prices, he suggests, it would be "by trying to use its monopoly muscle" and the consumer would have to pay.

WORLD COMMODITIES PRICES

MARKET REPORT

THE GOLD price looked set to mount a test of the upper in of its recent price range as it moved ahead yesterday to close in London at $373.75 a troy ounce, up $5 from Friday. Dealers said the rise was caused by heavy US investment fund buying. SILVER joined in the uptrend, gaining 15.50 to 477.50 cents an ounce, but the PLATINUM market was relatively muted, rising only $2.75 to $387.75 an ounce. At the London Metal Exchange the COPPER market appeared to be finding support around the $1,900 level for three months metal and despite a dip to $1,898, coinciding with a slight narrowing in cash-to-three-months premium, the price recovered in the afternoon aided by the steady performance of copper futures at the New York Commodity Exchange dollar weakness. The ZINC market was again supported on dips toward $880 a tonne for the three months position but rallies failed to attract follow-through interest, dealers said. Manufacturer Buying interest boosted London COCOA futures, with the December position closing £25 up at £786 a tonne.

Compiled from Reuters

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)(Oct)		+ or -
Dubai	$14.74-4.81u	-0.14
Brent Blend (dated)	$16.74-6.76	-0.14
Brent Blend (Sep)	$17.04-7.06	-0.11
W.T.I (1 pm est)	$18.27-8.30u	-.145
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$193-195	
Gas Oil	$161-162	-1
Heavy Fuel Oil	$61-62	
Naphtha	$160-162	+1
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$373.75	+5
Silver (per troy oz)♣	477.5c	+15.5
Platinum (per troy oz)	$387.75	+2.75
Palladium (per troy oz)	$139.25	+1.5
Copper (US Producer)	90.00c	
Lead (US Producer)	33.50c	
Tin (Kuala Lumpur market)	12.14m	-0.17
Tin (New York)	222.0c	
Zinc (US Prime Western)	62.00c	
Cattle (live weight)†	130.62p	-0.61*
Sheep (live weight)†♠	87.00p	-6.73*
Pigs (live weight)†	72.23p	-1.06*
London daily sugar (raw)	$247.3	+1.6
London daily sugar (white)	$285.0	-3.3
Tate and Lyle export price	£280.0	
Barley (English feed)	Unq	
Maize (US No. 3 yellow)	£169.5	
Wheat (US Dark Northern)	£147.0	
Rubber (Sep)♥	60.50p	
Rubber (Oct)♥	61.00p	
Rubber (KL RSS No 1 Jul)	210.5m	+1
Coconut oil (Philippines)§	$460.0v	-2.5
Palm Oil (Malaysian)§	$352.5v	-2.6
Copra (Philippines)§	$293.0	
Soyabeans (US)	£202u	+1
Cotton "A" index	55.00	+0.4
Woolltops (64s Super)	349p	-2

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. y-Jul. z-Aug.v-Sep/Oct u-Oct t-Oct/Dec x-Aug/Oct ♥London physical. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg ♠Sheep prices are now live weight prices * change from a week ago, provisional prices.

SUGAR - LCE			($ per tonne)	
White	Latest	Previous	High/Low	
Oct	254.70	257.90	258.50	254.50
Dec	254.50	256.90	255.10	254.50
Mar	255.30	259.10	258.50	255.30
May	258.00	260.70	258.50	258.00
Aug	263.00	264.60	263.00	261.50
Oct	253.50		254.50	253.50
Dec	255.50		255.50	

White 1749 (1497) Paris- White (FFr per tonne): Oct 1561.63

CRUDE OIL - IPE			$/barrel	
	Latest	Previous	High/Low	
Sep	16.95	17.04	17.13	16.95
Oct	16.98	17.21	17.26	16.97
Nov	17.17	17.40	17.42	17.17
Dec	17.33	17.53	17.55	17.33
Jan	17.65	17.64	17.65	17.58
May	17.99	17.89	17.99	
IPE Index	17.07	16.93		

Turnover 24197 (48876)

GAS OIL - IPE			$/tonne	
	Close	Previous	High/Low	
Sep	161.75	162.50	163.00	161.75
Oct	165.00	166.00	165.75	164.75
Nov	166.50	167.00	168.00	166.50
Dec	168.75	169.00	170.25	168.75
Jan	170.50	170.50	171.75	170.25

Turnover 7125 (13475) lots of 100 tonnes

TEA

The Tea Brokers Association reports, Landed strong general demand. Best East Africans were often much dearer with quality. Bright mediums were irregular but closed higher. Coloury mediums were strong and often 3 to 6p dearer and plainer sorts were also fully firm. Bright ceylons were also generally dearer. Offshore prices were fully firm to dearer. Quotations: quality 160p/kg, nom good medium 130p/kg, medium 108p/kg, low medium 90p/kg. The highest price realised this week was 162p for a Burundi pd.

COCOA - LCE			£/tonne	
	Close	Previous	High/Low	
Sep	765	743	766	752
Dec	786	761	786	770
Mar	803	777	804	787
May	812	786	813	796
Jul	820	796	820	807
Sep	829	806	830	815
Dec	842	819	842	841
Mar	854		857	

Turnover: 8203 (3548) lots of 10 tonnes

ICCO indicator prices (SDRs per tonne). Daily price for Aug 13 731.32 (735.84) 10 day average for Aug 16 745.12 (747.52)

COFFEE - LCE			$/tonne	
	Close	Previous	High/Low	
Sep	1195	1151	1199	1160
Nov	1161	1122	1171	1135
Jan	1141	1092	1145	1110
Mar	1126	1084	1128	1105
May	1118	1075	1105	
Jul	1125		1110	

Turnover: 2795 (8875) lots of 5 tonnes

ICO indicator prices (US cents per pound) for Aug 13 Comp. daily 63.83 (64.35) 15 day average 64.97 (64.80)

POTATOES - LCE			£/tonne	
	Close	Previous	High/Low	
Mar	95.0	80.0	107.5	100.0
Apr	77.8	89.5	80.8	77.5
May	89.0		91.0	

Turnover 229 (176) lots of 20 tonnes.

SOYAMEAL - LCE			£/tonne
	Close	Previous	High/Low
Oct	-	172.00	-

Turnover 0 (0) lots of 20 tonnes.

FREIGHT - LCE			$10/index point	
	Close	Previous	High/Low	
Aug	1435	1423	1435	1429
Sep	1490	1475	1490	1485
Oct	1519	1505	1520	1515
Nov	1530	1520	1530	1520
Jan	1550	1530	1550	
BFI	1368	1355	1386	

Turnover 238 (187)

GRAINS - LCE			£/tonne	
Wheat	Close	Previous	High/Low	
Sep	105.15	104.75	105.00	
Nov	106.80	106.70	107.10	106.80
Jan	108.85	108.50	109.00	108.80
Mar	111.00	110.50	111.00	110.80
May	112.80	112.60	113.	
Barley	Close	Previous	High/Low	
Nov	103.55	103.45	103.65	

Turnover: Wheat 212 (125) Barley 2 (130). Turnover lots of 100 Tonnes.

PIGS - LCE			(Cash Settlement) p/kg
	Close	Previous	High/Low
Sep	89.0	98.0	99.0
May	105.5	105.5	105.5
Jun	105.5	105.5	105.5

Turnover:5 (4)lots of 3,250 kg

LONDON METAL EXCHANGE				(Prices supplied by Amalgamated Metal Trading)		
	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)					Total daily turnover 62,219 lots	
Cash	1180.5-81.5	1184-5	1173.5/1172.5	1172-72.5		
3 months	1204-05	1207-7.5	1207/1197	1196-97	1204-05	243,473 lots
Copper, Grade A ($ per tonne)					Total daily turnover 49,680 lots	
Cash	1935-37	1942-4	1936/1931	1931-32		
3 months	1902-03	1902-4	1905/1898	1897.5-98	1904.5-05	207,068 lots
Lead ($ per tonne)					Total daily turnover 5,644 lots	
Cash	384-85	385-6	383	382.5-83		
3 months	397.5-98.5	398-8.5	398-95.5	395.5-96	398-99	25,343 lots
Nickel ($ per tonne)					Total daily turnover 10,142lots	
Cash	4695-700	4770-80		4690-95		
3 months	4750-52	4825-30	4810/4740	4753-55	4750-55	46,248 lots
Tin ($ per tonne)					Total daily turnover 2,855 lots	
Cash	4780-90	4810-5	4787	4785-87		
3 months	4835-40	4860-5	4865/4840	4840-45	4835-40	10,558 lots
Zinc, Special High Grade ($ per tonne)					Total daily turnover 21,217 lots	
Cash	870-71	879-80	866	865-66		
3 months	884-5	889-90	889/880	879.5-80.5	882-83	79,114 lots

LME Closing £/$ rate: SPOT: 1.4845 3 months: 1.4750 6 months: 1.4693 9 months: 1.4630

Copper and lead prices are now expressed in dollars per tonne

LONDON BULLION MARKET (Prices supplied by N M Rothschild)			
Gold (troy oz)	$ price	£ equivalent	
Close	373.50-374.00		
Opening	371.25-371.75		
Morning fix	373.50	255.245	
Afternoon fix	372.60	253.383	
Day's high	374.75-375.25		
Day's low	369.50-370.00		
Loco Ldn Mean Gold Lending Rates (Vs US$)			
1 month	2.53	6 months	2.60
2 months	2.53	12 months	2.63
3 months	2.53		
Silver fix	p/troy oz	US cts equiv	
Spot	477.20	325.75	
3 months	480.60	330.25	
6 months	484.90	334.70	
12 months	493.40	343.10	

GOLD COINS		
	$ price	£ equivalent
Krugerrand	373.50-376.50	255.00-257.00
Maple leaf	384.65-387.05	-
New Sovereign	88.50-91.50	60.00-62.00

TRADED OPTIONS				
Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Oct	Jan	Oct	Jan
1175	39	68	15	32
1200	25	53	26	44
1225	15	40	41	58
Copper (Grade A)	Calls		Puts	
1900	58	80	43	79
1950	35	60	70	107
2000	20	42	104	140
Coffee	Sep	Nov	Sep	Nov
1150	49	77	4	66
1200	16	56	21	95
1250	3	40	58	128
Cocoa	Sep	Dec	Sep	Dec
725	40	75	-	14
750	17	57	2	21
775	4	43	14	32
Brent Crude	Oct	Nov	Oct	Nov
1700	44		52	97
1750	26	50		82
1800	6	29		

New York

GOLD 100 troy oz.; $/troy oz.				
	Close	Previous	High/Low	
Aug	373.1	369.3	374.0	372.6
Sep	373.6	369.8	0	0
Oct	374.5	370.7	375.4	373.0
Dec	376.4	372.6	377.5	376.1
Feb	378.2	374.5	379.5	377.0
Apr	379.9	376.2	380.7	379.6
Jun	381.6	378.0	0	0
Aug	383.4	379.8	0	0
Oct	385.2	381.6	0	0

PLATINUM 50 troy oz; $/troy oz.				
	Close	Previous	High/Low	
Aug	388.9	386.6	0	0
Oct	389.9	386.6	392.5	389.0
Jan	391.0	387.6	393.5	390.0
Apr	392.5	389.1	392.0	392.0
Jul	393.0	389.6	0	0

SILVER 5,000 troy oz; cents/troy oz.				
	Close	Previous	High/Low	
Aug	474.3	461.3	0	0
Sep	475.0	462.0	479.0	471.0
Oct	476.4	463.4	0	0
Dec	479.5	466.5	483.5	476.0
Jan	479.9	466.9	0	0
Mar	484.4	471.4	489.0	481.0
May	487.6	474.8	491.0	486.0
Jul	490.9	477.9	491.0	489.0
Sep	494.4	481.4	493.5	493.5
Dec	499.6	486.6	503.0	494.5

HIGH GRADE COPPER 25,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Aug	84.50	84.10	84.60	84.30
Sep	84.45	83.85	84.75	84.00
Oct	84.50	83.95	84.50	84.50
Nov	84.55	84.05	0	0
Dec	84.60	84.15	84.90	84.20
Jan	84.80	84.35	0	0
Feb	85.00	84.55	0	0
Mar	85.20	84.80	0	0
Apr	85.35	85.00	0	0
May	85.55	85.25	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel				
	Latest	Previous	High/Low	
Sep	17.82	18.14	18.18	17.77
Oct	18.27	18.63	18.57	18.21
Nov	18.55	18.78	18.80	18.51
Dec	18.79	18.93	18.95	18.69
Jan	18.88	19.06	19.07	18.88
Feb	19.05	19.16	19.05	19.05
Mar	19.08	19.25	19.28	19.08
Apr	19.32	19.32	0	0
May	19.37	19.38	19.37	19.37
Jun	19.25	19.44	19.45	19.45

HEATING OIL 42,000 US galls, cents/US galls				
	Latest	Previous	High/Low	
Sep	52.65	53.60	53.80	52.45
Oct	53.65	54.53	54.55	53.60
Nov	54.65	55.48	55.45	54.50
Dec	55.60	56.33	56.40	55.50
Jan	56.25	56.98	57.08	56.25
Feb	56.65	57.03	56.63	56.65
Mar	55.70	56.18	56.29	55.70
Apr	54.80	54.98	54.80	54.80
May	54.13	54.13	0	0
Jun	53.60	53.63	53.50	53.50

COCOA 10 tonnes;$/tonnes				
	Close	Previous	High/Low	
Sep	960	927	965	940
Dec	1010	975	1014	988
Mar	1048	1005	1045	1022
May	1061	1023	1058	1043
Jul	1081	1043	0	0
Sep	1101	1063	1088	1087
Dec	1129	1091	1120	1120
Mar	1152	1114	0	0
May	1170	1132	0	0

COFFEE "C" 37,500lbs; cents/lbs				
	Close	Previous	High/Low	
Sep	71.40	69.10	71.60	69.50
Dec	74.35	72.00	74.40	73.10
Mar	76.65	74.25	76.66	75.50
May	77.90	75.75	77.75	76.90
Jul	79.50	77.25	79.20	78.90
Sep	80.00	78.05	0	0
Dec	84.60	82.50	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Oct	9.20	9.37	9.30	9.12
Mar	9.34	9.47	9.37	9.30
May	9.46	9.58	9.52	9.38
Jul	9.51	9.68	9.52	9.42
Oct	9.56	9.64	9.60	9.45

COTTON 50,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Oct	54.82	54.84	55.30	54.75
Dec	55.81	55.98	56.38	55.71
Mar	57.37	57.58	57.90	57.31
May	58.22	58.40	58.89	58.30
Jul	59.10	59.35	59.50	59.10
Oct	59.85	60.06	0	0
Dec	60.05	60.25	0	0

ORANGE JUICE 15,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Sep	116.10	118.55	117.80	116.10
Nov	119.20	119.85	120.85	119.20
Jan	121.00	121.05	122.00	121.00
Mar	122.70	122.70	122.70	122.70
May	123.90	123.70	124.45	124.45
Jul	124.35	123.70	0	0
Sep	122.30	121.70	0	0
Nov	122.35	121.70	0	0
Jan	122.35	121.70	0	0

INDICES				
REUTERS (Base: September 18 1931 = 100)				
	Aug.16	Aug.13	mnth ago	yr ago
	1624.1	1623.0	1702.3	1526.7
DOW JONES (Base: Dec. 31 1974 = 100)				
	Aug.13	Aug.12	mnth ago	yr ago
Spot	123.09	122.88	122.71	115.85
Futures	124.85	124.85	126.25	114.85

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel				
	Close	Previous	High/Low	
Aug	652/6	663/0	660/4	651/4
Sep	659/2	655/6	660/0	650/0
Nov	651/4	654/0	660/0	648/0
Jan	655/0	658/2	663/4	653/0
Mar	658/0	662/2	666/4	658/0
May	661/0	663/2	667/0	659/0
Jul	661/6	663/6	668/0	660/0
Aug	656/0	659/0	662/4	657/0

SOYABEAN OIL 60,000 lbs; cents/lb				
	Close	Previous	High/Low	
Aug	22.85	23.20	23.15	22.80
Sep	22.96	23.24	23.23	22.83
Oct	23.12	23.34	23.35	23.00
Dec	23.34	23.56	23.54	23.21
Jan	23.48	23.66	23.61	23.35
Mar	23.66	23.82	23.75	23.50
May	23.71	23.92	23.80	23.60
Jul	23.66	23.92	23.71	23.55

SOYABEAN MEAL 100 tons; $/ton				
	Close	Previous	High/Low	
Aug	214.2	214.4	216.7	213.2
Sep	211.0	211.1	213.7	209.8
Oct	208.5	208.8	211.3	207.5
Dec	207.3	208.2	210.2	206.8
Jan	206.3	207.5	209.0	206.2
Mar	205.7	206.3	208.5	205.5
May	205.3	206.5	207.0	204.0
Jul	203.6	204.4	206.0	203.8

MAIZE 5,000 bu min; cents/56lb bushel				
	Close	Previous	High/Low	
Sep	236/4	238/6	238/6	236/0
Dec	241/0	244/2	244/0	240/4
Mar	248/0	251/0	250/6	247/4
May	252/2	255/0	256/0	252/0
Jul	254/0	256/2	257/0	253/6
Sep	248/0	250/4	250/2	248/0
Dec	240/6	242/4	243/0	240/2

WHEAT 5,000 bu min; cents/60lb-bushel				
	Close	Previous	High/Low	
Sep	311/2	307/0	315/4	305/2
Dec	318/4	315/0	323/0	313/0
Mar	320/6	317/4	324/6	316/0
May	314/2	310/6	318/0	314/0
Jul	302/4	299/0	305/4	298/0
Sep	307/4	302/0	307/4	307/4
Dec	316/4	310/0	0	0

LIVE CATTLE 40,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Aug	74.800	74.750	75.175	74.675
Oct	74.450	74.375	74.900	74.375
Dec	75.200	75.125	75.450	75.100
Feb	75.575	75.575	75.800	75.625
Apr	76.675	76.575	76.750	76.550
Jun	73.425	73.325	73.575	73.400
Aug	72.160	72.100	72.225	72.150

LIVE HOGS 40,000 lb; cents/lbs				
	Close	Previous	High/Low	
Aug	50.575	50.050	50.700	49.900
Oct	45.275	45.500	45.650	45.075
Dec	45.275	45.450	45.550	45.000
Feb	44.825	45.150	45.250	44.700
Apr	43.900	43.800	44.000	43.600
Jun	48.950	49.050	49.200	48.850
Jul	48.150	46.400	48.400	48.150
Aug	46.800	47.000	0	46.800

PORK BELLIES 40,000 lbs; cents/lb				
	Close	Previous	High/Low	
Aug	43.350	43.225	43.550	42.750
Feb	48.025	48.075	48.600	47.800
Mar	47.850	48.400	48.150	46.900
May	48.400	49.100	0	48.000
Jul	50.200	50.450	0	50.200
Aug	49.950	49.950	0	48.800

LONDON STOCK EXCHANGE

Share prices dip as the market closes

By Steve Thompson

THE UK stock market ended the first session of the new three-week trading account relatively unscathed in spite of a bout of nervousness triggered largely by a flurry of selling in the German bund market and a modest decline in UK gilts late in the session.

A faltering equity market was bolstered by a strong opening performance on Wall Street, which was around 20 points higher shortly after it commenced trading, stimulated by takeover activity in the telecoms sector and better than expected capacity utilisation numbers.

At the close of trading the FT-SE 100 Index showed a 1.8 net decline at 3,008.3. Turnover in equities remained at relatively high levels. Some 604.3m shares changed hands yesterday, with the lion's share, almost 400m shares, or 66 per cent, accounted for by trading in non-FT-SE 100 shares.

The market began the day in subdued fashion with a ex-dividend allowances accounting for a fall of almost nine FT-SE points at the outset of trading.

However, the early downside trend, which took the market down to 3,002.0 shortly after trading commenced, proved short-lived and prices began to edge higher, in line with the FT-SE future and following renewed keen support for selected issues, notably the electricity and water stocks which offer well above average yields.

The market reached the day's high-point, up 6.5 at 3016.6, in mid-morning before running out of steam and marking time ahead of the opening of Wall Street.

The US market came in on a firm note, with interest stimulated by news of AT&T's move to acquire McCaw, the cellular telephones group, and a better than expected figure on capacity utilization during July.

The July figure for industrial output was in line with expectations, according to dealers.

However, downside pressure on German bunds and to a lesser extent on UK gilts began to unnerve the UK equity market which dropped back into negative territory in mid-afternoon.

Dealers in the equity market were mostly unperturbed by events yesterday, taking the view that intermittent bouts of selling pressure had enabled marketmakers to fill in many of the hefty short positions that have built up in recent weeks as the big push drove the FT-SE through the 3,000 level. "The market is now better balanced than it has been for some time and won't go down too far as long as Wall Street performs," said a leading institutional salesman. He warned, however, that the market remained unforgiving towards companies whose results do not come up to the market's best expectations. Argos was a case in point yesterday, the shares sliding despite middle of the range profits.

Senior marketmakers adopted a fairly bullish view of the market, saying that much of the late pressure in equities was triggered by the future which ran into strong resistance at the 3,030 level; "There was very little pressure in the cash market," said one.

Mr Peter Thorne, equity strategist at Nikko Securities, warned that in the short term the news flow will not be positive for equities. "We expect further evidence of of slow economic growth in the UK and US; further earnings disappointments; a tax raising budget in November and concerns that inflation will rise in 1994."

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change
ASDA Group†	12,000	81¼	+1
Abbey National†	1,900	400	-1
Albert Fisher	2,800	72	-1
Allied-Lyons†	908	586	-4
Anglian Water†	548	518	+8
Argos	1,000	328	-10
Argyll Group†	3,700	326½	-2½
Arjo Wiggins†	1,400	301	-1
Assoc. Brit. Foods†	792	511	+6
Ass. Brit. Ports	450	480	+1
BAA†	908	782	+1
BAT Inds.†	2,700	471	+6
BET	3,300	127	-6½
BICC	692	397	-16
BOC†	1,800	829	-5
BP†	5,800	303½	
BPB Inds.	2,500	281	+2
BT†	11,000	429	+6
BT (Ptly Pd)	29,000	185¼	-2½
BTR†	2,800	389	-2
Bank of Scotland†	892	169	-2½
Barclays†	2,100	480	-7½
Bass†	1,000	486	+4
Blue Circle†	1,200	279	-4
Booker	74	440	-3
Boots†	1,900	474	-1
Bowater†	862	473	
Brit. Aerospace†	1,100	453	-5
British Airways†	4,500	350	-2½
British Gas†	8,000	323¼	-9
British Land	987	363	-5
British Steel†	5,500	116¼	+½
Bunzl	147	134	
Burmah Castrol†	202	780	+1
Burton	3,500	69½	+3
Cable & Wire.†	2,100	834	-8
Cadbury Schweppes†	1,200	472	-1
Calor Group	133	283	
Carlton Comms.†	131	788	-2
Coats Viyella†	354	242	-2
Comm. Union†	788	692	-12
Cookson	1,500	228	+2
Courtaulds†	822	565	-13
Dalgety	22	487	-2
De La Rue†	454	984	+5
Dixons	529	224	-3
Eastern Elect.	432	500	+5
East Midland Elect.	142	518	+7
Eng China Clays	418	458	-7
Enterprise Oil†	8,000	442	+13
Eurotunnel Units	159	487	-1
FKI	35	153	-1
Fisons	6,700	172	+2
Foreign & Col. I.T.	534	255	+3
Forte†	511	231	-2
Gen. Accident†	405	696	-3
General Elect.†	2,000	348	-3
Glaxo†	5,300	621½	+7½
Glynwed Int.	180	317	
Granada†	274	428	+1
Grand Met.†	3,200	453	+6
GUS A†	236	2018	
GRE†	759	217	+1½
GKN	236	506	
Guinness†	1,700	471	+9
HSBC (75p shs)†	4,600	766	+10
Hammerson 'A'	2,800	350	+3
Hanson†	5,200	259½	+1
Harrisons Crosfield	616	195	+1
Hillsdown	149	161	
IMI	188	308	-1
ICI†	789	880	-1½
Inchcape†	1,400	536	-2
Johnson Matthey	482	435	+4
Kingfisher†	2,100	669	
Kwik Save	213	688	+6
Ladbroke†	2,000	207	-1½
Land Securities†	279	670	-4
Laporte	327	836	-3
Legal & General†	1,200	472	-7
Lloyds Abbey	662	433	
Lloyds Bank†	825	550	+1
LASMO	5,600	153	-2½
London Elect.	653	530	+4
Lonrho	2,000	128	-1
Lucas	2,800	156	+2
MB Caradon†	3,500	303	+16
MEPC	414	492	-4
MFI	1,200	140	-1
Manweb	121	574	+7
Marks & Spencer†	2,900	369	-½
Midlands Elect.	420	547	-8
Morrison (Wm.)	30	154	+1
NFC†	1,400	260	+2
NatWest Bank†	4,000	470	-3
National Power†	1,700	357	-1
Next	87	201	
North West Water†	845	521	+9
Northern Elect.	328	574	+5
Northern Foods†	315	272	-3
Norweb	101	657	+5
Pearson†	684	465	+1
P & O†	1,300	661	-7
Pilkington	1,400	148	-1
PowerGen†	184	396	-1½
Prudential†	4,800	324	-3½
RMC†	332	815	-4
RTZ†	682	687	+1
Racal	352	240	
Rank Org.†	510	793	+7
Reckitt & Colman†	807	591	-3
Redland†	2,300	562	+8
Reed Intl.†	505	667	+4
Rentokil†	647	202	-1
Reuters†	235	1519	-12
Rolls Royce	3,600	160½	-1½
Rothmans†	405	658	+3
Ryl Bk Scotland†	1,300	294	-6½
Royal Insurance†	1,400	334	-1
Saatchi	261	162	
Sainsbury†	1,600	492	+7½
Scottish & New.†	674	450	+1
Scot. Hydro-Elect.†	3,300	387	+6½
Scottish Power†	2,200	349	+3½
Sears†	8,800	117¼	-2
Sedgwick	1,400	208	+4
Seeboard	70	574	+4
Severn Trent Water†	377	528	+4
Shell Transport†	2,700	663	+2½
Siebe†	317	564	+5
Slough Ests	288	237	-1
Smith (W.H.) A	383	469	-3
Smith & Nephew†	2,700	144	+½
SmKl Beecham†	1,600	432	+3½
SmKl Beecham Uts.†	751	362	-3
Smiths Inds.	470	377	+4
Southern Elect.	326	539	+1
South Wales Elect.	38	605	+10
South West Water	145	549	+8
South West. Elect.	158	537	+12
Southern Water	181	558	+11
Standard Chartd.†	756	958	-1½
Storehouse	2,100	235	-1
Sun Alliance†	628	338	+1
T&N	670	219	+1
TI Group†	1,400	357	+6
TSB†	3,500	205	-2
Tarmac	2,650	145	-3
Tate & Lyle†	317	230	-3
Taylor Woodrow	1,300	138	+3
Tesco†	6,400	233	+9½
Thames Water†	1,500	525	+5
Thorn EMI†	987	934	-2
Tomkins†	2,050	228	-2
Trafalgar House	3,100	105½	
Unigate	125	369	-2
Unilever†	3,000	1006	+20
United Biscuits†	1,400	355	+6
Utd Newspapers	285	562	+1
Vodafone†	7,300	531	+9
Warburg (SG)†	440	794	-8
Wellcome†	503	644	-3
Welsh Water	742	616	+7
Wessex Water	205	623	+10
Whitbread 'A'†	633	499	-10
Williams Hldgs.†	692	340	-½
Willis Corroon	1,400	229	-5
Wimpey	531	187	-2
Wolseley†	213	663	+5
Yorkshire Elect.	333	552	+4
Yorkshire Water	838	541	+11
Zeneca†	915	660	-3

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down. † Indicates an FT-SE 100 Index constituent.

Account Dealing Dates

*First Dealings:	Aug 2	Aug 16	Sep 6
Option Declarations:	Aug 12	Sep 2	Sep 16
Last Dealings:	Aug 13	Sep 3	Sep 17
Account Day:	Aug 23	Sep 13	Sep 27

*New time dealings may take place from two business days earlier.

BT lifted by AT&T move

THE dramatic news from across the Atlantic of AT&T's new moves in its plan to buy McCaw Cellular Communications had repercussions throughout the telecoms sector on the London market yesterday. AT&T, which was to buy a part-stake in McCaw last year, decided to change its takeover timetable, delaying the purchase of the 17 per cent shareholding held by BT, but paying a healthy premium for doing so to the UK company.

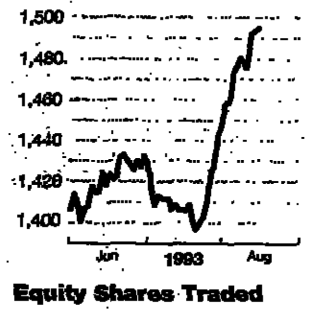
BT will now take its settlement in AT&T shares, receiving 35.8m shares in a one-for-one exchange with McCaw stock. At the current AT&T share price of $62.375, BT's holding is valued at approximately $2.2bn. Under the previous agreement, BT would have received $1.75bn in cash.

"The increase in the amount that BT has raised is to a certain extent offset by the risk that AT&T shares could fall. But on balance, this looks like a modest positive for BT," said Mr Jim Ross at Hoare Govett. He added that he expected BT to sell its stake around November next year.

With the total bid for McCaw valued at $12.4bn, excitement among London telecoms analysts centred on the price this now put on other cellular groups. Vodafone, which had seen its price fall sharply at the opening yesterday, recovered quickly after the early afternoon announcement and ended the day 9 ahead at 531p. Dealers said marketmakers were also caught short by the day's events. Rumours circulating the London market in recent weeks of a big bid in the telecoms sector were also given fresh currency.

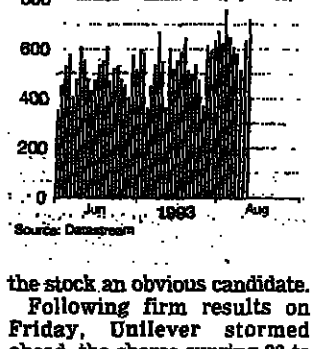
However, Cable and Wireless slipped back 8 to 834p on the contrary argument that AT&T's extra payment to BT made a new bid in the sector unlikely. BT, which went ex-dividend by 9.45p yesterday, closed 3¼ off at 429p.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million) Excluding: intra-market business and overseas turnover



Source: Datastream

MB-Caradon strong

Building materials and printing group MB-Caradon raced ahead after confirmation that it was in talks with RTZ, the international mining and metals group, over the possible sale of RTZ's Pillar building and electrical products unit.

Weekend press reports suggested that RTZ was looking to sell Pillar for around £750m and an early morning statement yesterday confirmed the two groups were in discussions. MB-Caradon shares jumped 16 ahead to 303p, in active trade of 3.5m, while RTZ firmed a penny to 687p, in light volume.

The market has been eagerly waiting to see how MB-Caradon would use the proceeds from the sale earlier this year, of its stake in Carnaud Metalbox, the French packaging group though fears of a rights issue to help finance an acqusition remain.

Mr Robert Donald at NatWest Securities said he thought there would be a deal with RTZ but cautioned: "the key question is, will it be sufficiently earnings enhancing to justify the share price, and for that to happen it needs to acquire £1.25p of sales for every £1 it invests."

Whitbread slips

In a weak drinks sector, Whitbread lost further ground as NatWest Securities reiterated its negative stance on the stock. The shares have fallen from 533p on Friday to close yesterday at 499p, down 10 on the day. Mr Geoff Collyer, drinks analyst at NatWest said concerns persisted over the damage being done to revenues by supermarkets switching from domestic to Continental suppliers. He added that because Whitbread was standing at a 10 per cent premium to the sector, investors looking to take profits should consider the stock an obvious candidate.

Following firm results on Friday, Unilever stormed ahead, the shares surging 20 to 1006p, helped by a strong "buy" note from Strauss Turnbull. The broker pointed out that, as well as positive results, the stock has significantly underperformed the market this year.

Among food retailers, Tesco responded to some healthy weekend press comment that the shares looked oversold. They climbed 9¼ to 233p. A brighter outlook for the discount end of the market was also being commented on. Shoprite Group added 5 to 159p and Kwik Save grew 6 to 688p.

Among stores, results from Argos were accompanied by a cautious statement and the shares drifted back 10 to 328p. The stock had raced ahead prior to the figures and, in the absence of anything startling, dealers said it was due a correction.

Another stock to enjoy a good run, Sears, also ran into profit-taking, with NatWest Securities negative. Although, positive on the sector in the short-term, the broker is also cautious on Boots, a penny down at 474p, and W.H. Smith, 3 off at 469p.

HSBC was the pick of a generally strong banking sector, the shares building on their recent strong performance and pushing up to touch a record 769p, before closing a net 9 up at 965p. Dealers said the big international institutions had continued to chase the shares because of the recent strong profits performance from Standard Chartered and the outstanding prospects for the Pacific Rim area. HSBC is scheduled to announce interim figures on August 31.

Abbey National's decision to sell its Cornerstone estate agency business for £8m, involving the bank in a write down of £30m in its second half, saw Abbey shares only marginally affected affected and finally around 4 down at 401p ex-dividend.

The burst of buying interest that drove British Gas shares sharply higher last week, amid suggestions that today's Monopolies Commission report into the gas supply and transport industry will not recommend a break up of Gas, foundered yesterday as nervous fund managers locked in some of the profits garnered in the past couple of months.

British Gas shares settled 9 lower at 323¼p on what one energy specialist described as disappointing turnover of 8.0m. "The market doesn't really care about anything else other than the company's ability to pay the dividend and its ability to increase that payment," said an analyst.

BP failed to respond to reports of a major drilling success in Vietnam, the shares settling little changed at 303p ex-dividend. "The Vietnam stories are old news" said one specialist. Shell edged up 2½ to 463p.

Enterprise Oil, whose shares were given a mauling by the market last week after news of the resignation of Mr John Walmsley and also following a bearish review of the company by Hoare Govettt, staged a rally, closing 11 higher at 440p.

Aran Energy eged up ½ to 34p on relatively heavy turnover of 1.5m with speculators said to be increasingly optimistic about the group's drilling operations in the Celtic Sea.

Fears that British Aerospace's negotiations with Taiwan over their regional jets joint venture may be facing difficulties weakened BAe. The shares fell 5 to 453p.

Overseas buyers were seen late in the session for aero-engine manufacturer Rolls-Royce. Earlier, the company said it had sold stock, belived to be around 6.7m shares, to reduce the level of foreign ownership which had exceeded 29.5 per cent, the level permitted under the company's articles of association.

Having declined to 158p, the shares bounced to close 1½ lighter at 162p.

Nervous trading ahead of tomorrow's figures saw BICC relinquish 16 to 397p. There was some talk of a possible rights issue but it was discounted by several analysts. Profits are expected to come in at around £53m, against £58m last year.

MARKET REPORTERS:
Christopher Price,
Steve Thompson,
Joel Kibazo.

■ Other statistics, Page 19

NEW HIGHS AND LOWS FOR 1993

NEW HIGHS (424).

BRITISH FUNDS (14) OTHER FIXED INTEREST (10) AMERICANS (7) Bankers NY, Citicorp, Lowe's, Merrill Lynch, Morgan (JP), Pennzoil, Varity, BANKS (14) ABN Amro, ANZ, Dai Ichi, Deutsche Bank, HSBC, Do. HK, Mitsubishi, Mitsubishi Tst. & Bnkg., Natl. Aust. Bank, Sakura, Sumitomo, Sumitomo Tst. & Bkng., Tokai, Yasuda Tst. & Bnk., BREWERS (4) Eldridge Pope A, Greene King, Highland Dists., Marston Thompson, BLDG MATLS (13) BPB Inds., Blue Circle, Do. 7¾pc Pf., Epwin, Grafton, Heiton, Ibstock Johnsen, Marley, Marshalls 6½pc Pf., Pilkington Wms., RMC, Redland, Sheffield Ins., BUSINESS SERVS (4) Davis Service, Hutch Whmp., Serco, Time Prods., CHEMS (3) Akzo, BASF, Bayer, CONGLOMERATES (3) Daimler-Benz, Goode Durrant, Jardine, CONTG & CONSTRCN (11) AMEC Pf., Berkeley, Crest Nicholson, Cussins Prop., Hewden-Stuart, Higgs & Hill, Laing (J), Do. A, Do 6.4pc Pf., Sherif, Taylor Woodrow, ELECTRICALS (10) Fujitsu, Johnson, Matsushita, Motorola, NEC, Pifco, Do. A, Toshiba, Unitare, Wholesale Fittings, ELECTRICITY (12) China Light, East Midlands, Eastern, London, Manweb, Midlands, Northern, Norweb, Seeboard, South Wales, South Western, Southern, ELECTRONICS (8) CML Micro., Druck, Electron House, Farnell, Graystone, Praesac, Scantronic, Tunstall, ENG AERO (2) Hunting, Rolls Royce, ENG GEN (5) Brammer, Dobson Park, Halma, Howden, Senior, FOOD MANUF (3) Acatos & Hutch., Devro, Greencore, FOOD RETAILING (1) Dairy Farm, HEALTH & HSEHOLD (5) Huntleigh Tech., Paterson Zochonis, Do. A, Westminster Healthcare, Zeneca, HOTELS & LEIS (8) Aberdeen Steak Houses, Airtours Pf., Forte, Granada, Manchester Utd., Ramsden's (H), Rank Pf., Whitegate, INSCE BROKERS (3) Heath (C.E.), Lloyd Thompson, PWS, INSCE COMPOSITE (5) Amer. Intl., FAI, GRE, Mitsui M, Skandia, INV TRUSTS (185) MEDIA (4) Adscene, Johnston Press, Mirror Grp. News., News Corp, MERCHANT BANKS (1) Rea Bros., MTL & MTL FORMING (2) Kobe Steel, Simsmetal, MISC (10) Amberley, BAT Inds. 12¼pc Ln. 2003/08, Brixby, Bullers, Fine Decor, Heath (S), LGW, Relyon, Walker Greenbank, Waterford Wedgwood, MOTORS (3) Airflow Streamlines, Bostrom, T & N, OIL & GAS (5) Amoco, Mobil, Royal Dutch, Shell Trans., Trident, OTHER FINCL (21) EWD, Caledonia, Cater Allen, Daiwa, FNFC 5.3pc Pf., Gerrard & Natl., Henderson Adm., INVESCO, Intrum Justitia, Jupiter Tyndall, M & G, Mercury Asset Mgmt., Mitsubishi, Oceana Cons., Perpetual, Rathbone Bros., Rutland, Smith New Court, Do. Pf., Tyndall Australia, Union Discount, OTHER INDLS (4) Cookson, McKechnie, Suter, Vinten, PACKG, PAPER & PRINTG (3) Filofax, NMC, Do. 7¾pc Pf., PROP (16) Allied Lon. 5½pc Pf., BDA, Bourne End, Brx. Land 9½pc 2026, Conrad Ritblat Sinclair Goldsmith, Development Securities, Fletcher King, Gt. Port. Ests. 9½pc 2002, INOCO, Land Securities 10pc 2025, Do. 10pc 2027, Do. 10pc 2030, Lon. Merchant, Do. 7¾pc Ln. 2000-05, PSIT, Warner Est., STORES (7) Etam, Goldsmiths, Kingfisher, Do. 8¼pc Ln. 2000, Marks & Spencer, Owen & Robinson, Rosebys, TELE NETWORKS (1) Vodafone, TEXTS (3) Dewhirst, Gent (SR), Ingham, TRANSPORT (7) Dawsongroup, Forth Ports, GATX, Natl. Express, Ocean, P & O Pfd., Seacon, WATER (2) Southern, Welsh, MINES (5) CRA, Equatorial, Navan Res., Precious Metals Aust., Southern Pacific.

NEW LOWS (12).

BRITISH FUNDS (1) Exchequer 12¼pc 1994, AMERICANS (1) Colgate-Palmolive, CANADIANS (1) Breakwater Res., BUSINESS SERVS (1) Penna, CHEMS (1) BOC, ELECTRICALS (1) Beales Hunter, HEALTH & HSEHOLD (2) Bandar Intl., Intercare, HOTELS & LEIS (1) Tomorrows Leisure, OTHER INDLS (1) Marling Inds., STORES (1) Penlos, MINES (1) Devex.

FINANCIAL TIMES EQUITY INDICES

	Aug 16	Aug 13	Aug 12	Aug 11	Aug 10	Year ago	*High	*Low
Ordinary share	2347.6	2360.7	2369.2	2379.1	2360.3	1766.2	2379.1	2124.7
Ord. div. yield	3.94	3.92	3.90	3.89	3.91	5.11	4.52	3.88
Earning yld % full	4.75	4.72	4.70	4.68	4.71	7.47	6.38	4.67
P/E ratio net	26.93	27.09	27.20	27.29	27.12	17.01	27.38	19.40
P/E ratio nil	24.90	25.06	25.16	25.23	25.08	15.90	25.32	18.14
Gold Mines	198.3	190.4	201.1	207.4	211.2	81.6	249.2	60.0

*for 1993. Ordinary share index since compilation: high 2379.1 11/8/93 - low 49.4 26/6/40
Gold Mines index since compilation high: 734.7 15/2/83- low 43.5 26/10/71
Base Ordinary share 1/7/35; Gold Mines 12/9/55.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2353.1	2360.9	2359.3	2360.8	2358.3	2356.8	2357.0	2352.2	2352.9	2363.7	2347.5

Volume	Aug 13	Aug 12	Aug 11	Aug 10	Aug 9	Year ago
SEAQ Bargains	37,673	45,250	45,535	37,797	37,682	17,414
Equity Turnover(£m)†	-	1553.5	2183.9	1824.7	1568.0	643.1
Equity Bargains†	-	52,190	51,616	42,568	42,919	19,256
Shares traded (mil)†	-	890.6	887.8	709.2	643.7	340.3

† Excluding intra-market business and overseas turnover.

London report and latest Share Index
Tel. 0891 123001. Calls charged at 36p/minute cheap rate. 48p at all other times.

EQUITY FUTURES AND OPTIONS TRADING

A QUIET opening to the new account saw turnover in the derivatives markets slip back in directionless trading, writes Christopher Price.

However, business in the September FT-SE contract opened lively enough, with traders half expecting another rousing session. The contract, having opened at 3,020, was bought up to challenge the 3,030 level which has proved a resistance point in the post-3,000 era. Dealers said the rise was even more impressive given the 10 or so points that were taken out of the index because of the number of stocks going ex-dividend.

Despite this, turnover was thin with few of the large institutions visible. September thus began to drift off towards mid-day, although there was enough buying interest to sustain the contract above the 3,020 level.

Another rally took the contract up to 3,031, its high of the day before again falling back. A strong Wall Street failed to inspire any further attempt, offset by weak gilts and a general lack of events for dealers to focus on.

A late dip saw September close at 3,013, just five points above the cash market. Volume was 5,727 contracts.

In traded options, turnover reached 20,873 contracts. Among the stock options, Tesco, heavily tipped in the weekend press, led the way with 1,298 contracts. Amstrad, British Steel and Grand Metropolitan were also prominent.

FT-SE Actuaries Share Indices — THE UK SERIES

FT-SE 100	FT-SE MID 250	FT-A ALL-SHARE
3008.3 −1.8	3459.4 +3.9	1496.35 +0.05

	Aug 16	Day's change %	Aug 13	Aug 12	Aug 11	Year ago	Dividend yield %	Earnings yield %	P/E Ratio	Xd adj ytd	Total Return
FT-SE 100	3008.3	-0.1	3010.1	3009.1	3006.1	2376.1	3.82	5.73	21.64	66.57	1088.15
FT-SE Mid 250	3459.4	+0.1	3455.5	3451.6	3430.6	2263.4	3.50	5.62	22.09	63.78	1239.86
FT-SE Mid 250 ex Inv Trusts	3467.7	+0.1	3465.9	3461.5	3441.8	2277.5	3.60	6.02	20.81	65.03	1238.30
FT-SE-A 350	1511.0	..	1511.4	1510.6	1507.3	1146.6	3.74	5.70	21.74	32.15	1119.57
FT-SE SmallCap	1726.94	+0.4	1720.60	1716.41	1706.74	-	3.25	4.00	34.67	29.00	1298.15
FT-SE SmallCap ex Inv Trusts	1714.17	+0.3	1709.34	1703.46	1694.52	-	3.46	4.45	32.22	30.14	1287.54
FT-A ALL-SHARE	1496.35	....	1496.30	1495.38	1491.80	1128.41	3.71	5.60	22.25	31.43	1128.48
1 CAPITAL GOODS(214)	1085.80	-0.1	1086.64	1087.58	1082.45	722.52	3.68	3.90	33.82	21.87	1275.73
2 Building Materials(28)	1173.70	+0.3	1170.16	1163.46	1145.68	768.72	4.00	3.30	42.58	21.58	1356.57
3 Contracting, Construction(29)	1039.11	+0.3	1035.98	1029.31	1014.15	594.39	3.17	1.26	80.00†	14.39	1434.97
4 Electricals(15)	3016.59	-2.2	3085.91	3140.57	3157.32	2132.52	4.48	4.87	26.32	74.00	1219.33
5 Electronics(38)	2909.81	-0.5	2922.19	2946.43	2920.99	1890.65	2.98	5.74	21.31	62.97	1273.70
6 Engineering-Aerospace(7)	454.66	-0.4	456.56	452.71	448.30	301.81	3.26	‡	‡	6.61	1569.86
7 Engineering-General(48)	633.59	+0.4	630.86	632.45	632.42	436.64	3.43	5.59	21.62	12.41	1269.25
8 Metals & Metal Forming(10)	471.87	+0.4	470.19	471.08	470.11	277.82	2.32	‡	‡	8.45	1490.55
9 Motors(20)	460.50	..	460.63	460.68	460.65	304.70	4.74	4.11	33.93	10.47	1263.11
10 Other Industrials(19)	2242.15	-0.2	2246.04	2248.66	2254.28	1572.98	4.03	5.08	23.52	51.39	1156.35
21 CONSUMER GROUP(233)	1674.00	+0.4	1666.74	1668.73	1664.85	1510.69	3.44	6.70	18.12	30.47	972.68
22 Brewers and Distillers(29)	1954.95	+0.7	1940.57	1948.57	1958.76	1940.90	3.77	7.91	15.28	42.12	957.33
25 Food Manufacturing(22)	1338.76	+0.7	1330.06	1324.27	1314.68	1146.32	3.80	7.30	16.35	28.07	1033.04
26 Food Retailing(17)	2981.45	+1.3	2943.80	2931.14	2892.42	2701.82	3.13	8.67	14.31	52.25	934.91
27 Health & Household(30)	3250.55	+0.6	3231.11	3253.60	3246.77	3601.49	3.79	6.77	17.25	47.83	773.76
29 Hotels and Leisure(19)	1409.87	..	1410.17	1402.77	1408.58	1010.51	4.19	5.95	21.06	45.01	1137.87
30 Media(33)	2086.25	-0.1	2084.76	2083.55	2071.14	1410.75	2.52	4.85	24.97	28.92	1160.15
31 Packaging and Paper(24)	883.49	+0.1	883.00	887.78	883.37	722.06	3.32	5.43	22.65	15.31	1151.70
34 Stores(39)	1253.67	-0.2	1256.04	1256.79	1257.05	854.69	2.87	5.59	22.79	18.39	1098.74
35 Textiles(20)	819.57	-0.1	820.62	821.86	817.66	585.48	3.73	5.88	21.32	15.55	1117.11
40 OTHER GROUPS(141)	1588.56	...	1588.22	1584.04	1579.64	1198.79	4.08	7.01	17.25	38.87	1135.36
41 Business Services(27)	1654.02	-0.5	1662.31	1670.46	1677.58	1241.33	2.78	7.10	16.07	21.86	1101.65
42 Chemicals(23)	1545.85	-1.1	1563.83	1569.31	1563.22	1312.79	4.25	0.29	‡	43.89	1118.40
43 Conglomerates(11)	1536.90	+0.4	1531.50	1537.19	1541.69	1151.80	4.98	6.94	16.27	35.28	1137.65
44 Transport(15)	3164.77	-0.3	3173.82	3187.24	3204.73	2224.40	3.65	4.92	25.53	58.31	1163.42
45 Electricity(16)	1898.31	+0.3	1893.30	1894.66	1871.12	1303.95	4.15	11.81	10.54	61.43	1256.43
46 Telephone Networks(4)	1876.89	-0.5	1886.30	1878.35	1866.37	1404.23	3.61	5.57	22.10	24.68	1137.67
47 Water(13)	3587.38	+1.4	3537.51	3456.02	3360.92	2773.61	4.94	12.08	9.14	106.71	1141.56
48 Miscellaneous(32)	2437.92	+1.0	2414.05	2389.35	2414.04	1936.81	4.33	7.89	14.83	76.80	1019.27
49 INDUSTRIAL GROUP(588)	1513.20	-0.2	1510.35	1510.11	1505.61	1213.95	3.70	6.22	19.70	31.30	1079.27
51 Oil & Gas(18)	2596.59	-0.6	2613.23	2595.10	2592.67	1817.79	4.21	6.07	20.66	53.10	1184.72
59 "500" SHARE INDEX(606)	1609.31	+0.1	1607.73	1606.27	1601.85	1272.88	3.75	6.20	19.80	33.26	1069.94
61 FINANCIAL GROUP(90)	1136.01	-0.6	1142.88	1143.65	1144.63	671.74	3.75	3.27	45.68	27.35	1337.35
62 Banks(9)	1544.02	-0.6	1553.49	1557.22	1557.69	902.02	3.44	4.01	34.37	30.85	1336.00
65 Insurance (Life)(6)	1979.65	-1.1	2001.33	2027.51	2021.60	1381.96	4.51	4.85	25.93	47.49	1151.48
66 Insurance (Composite)(7)	740.22	-1.0	747.86	742.00	745.82	464.77	4.53	‡	‡	19.89	1217.33
67 Insurance Brokers(10)	948.07		948.25	949.92	954.86	679.55	3.92	4.63	31.76	17.64	1251.68
68 Merchant Banks(6)	781.77	-0.6	786.56	788.87	797.52	405.24	2.90	5.83	21.29	13.62	1590.66
69 Property(29)	1008.60	-0.3	1011.41	1003.06	1003.71	524.56	4.04	3.98	33.38	20.13	1615.67
70 Other Financial(23)	439.14	+0.6	436.59	435.64	431.74	222.35	3.45	4.96	26.97	7.26	1484.22
71 Investment Trusts(110)	1682.61	+0.6	1672.14	1672.33	1656.41	1053.55	2.44	1.94	51.56	24.21	1281.23
99 FT-A ALL-SHARE(806)	1496.35	....	1496.30	1495.38	1491.80	1128.41	3.71	5.60	22.25	31.43	1128.48

Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FT-SE 100	3002.0	3013.4	3011.8	3015.2	3011.8	3011.4	3012.7	3009.0	3008.2	3016.6	3002.0
FT-SE Mid 250	3456.9	3461.9	3461.0	3462.5	3461.1	3461.3	3462.1	3460.5	3459.7	3463.0	3456.9
FT-SE-A 350	1508.4	1513.3	1512.6	1514.0	1512.6	1512.4	1513.0	1511.4	1511.0	1514.6	1508.4

Time of FT-SE 100 high: 9.35 am low: 8.30 am

FT-SE Actuaries 350 Industry Baskets

Hourly	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Previous close	change
Constrcn	2032.2	2035.5	2033.4	2029.3	2028.8	2028.8	2028.8	2027.3	2029.1	2032.8	2031.7	+1.1
Health & H	970.2	973.0	972.6	976.0	975.3	975.3	975.4	973.2	977.2	977.4	971.6	+5.8
Water	1473.7	1480.0	1473.4	1477.1	1477.1	1485.8	1485.8	1482.9	1487.8	1481.8	1460.8	+21.0
Banks	1884.5	1890.4	1888.3	1886.0	1883.3	1885.3	1886.4	1879.4	1879.4	1876.7	1888.2	-11.5

Additional information on the FT-SE Actuaries Share Indices is published in Saturday issues. Lists of constituents are available from The Financial Times Limited, One Southwark Bridge, London SE1 9HL. The FT-SE Actuaries Share Indices Service, which covers a range of electronic and paper-based products relating to these indices, is available from FINSTAT at the same address.
The increase in the size of the FT-Actuaries All-Share Index from January 4 1993 means that the FT 500 now contains more stocks. It has been renamed the FT "500". † Sector P/E ratios greater than 80 are not shown. ‡ Values are negative
The FT-SE 100, the FT-SE Mid 250 and the FT-SE Actuaries 350 Indices are compiled by the London Stock Exchange and the FT-Actuaries All-Share Index is compiled by The Financial Times Limited, both in conjunction with the Institute of Actuaries and the Faculty of Actuaries under a standard set of ground rules.

"FT-SE" and "Footsie" are joint trade marks and service marks of the London Stock Exchange and The Financial Times Limited. The FT-SE Actuaries Share Indices are audited by The WM Company. NAME CHANGE: VSEL Consortium (7) is now VSEL.

LONDON SHARE SERVICE

BRITISH FUNDS

Notes	Price £	+ or -	1993 high	1993 low	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)						
Funding 6pc 1993‡‡	100xd	—	100¼	99⅞	6.00	-
Treas 13¼pc 1993‡‡	102⅛	—	106⅞	101½	13.48	5.56
8½pc 1994	101⅞	—	102⅞	101⅞	8.38	5.52
14½pc 1994‡‡	104⅞xd	—	109¼	104⅞	13.83	5.42
Exch 13½pc 1994	105⅞	—	109⅞	105⅞	12.80	5.42
Treas 10pc Ln 1994‡‡	103⅞	—	105⅞	103⅞	9.65	5.35
Exch 12½pc 1994	107xd	-⅛	110⅞	107	11.68	5.38
Treas 9pc 1994‡‡	104⅛	—	105⅞	103⅞	8.63	5.38
12pc 1995	108⅞	-⅛	111⅞	108⅞	11.02	5.43
Exch 3pc Gas 90-95	96⅞	—	97	94	3.09	4.84
10¼pc 1995	108⅞	—	109⅞	107⅛	9.45	5.56
Treas 12¾pc 1995‡‡	114⅞	—	116⅞	113⅞	11.11	5.65
14pc 1996	118¼	-⅛	120⅞	117⅛	11.84	5.82
15¼pc 1996‡‡	122⅞	—	125⅞	121⅞	12.41	5.95
Exch 13¼pc 1996‡‡	118⅞	+⅛	120⅛	116½	11.20	5.89
Conversion 10pc 1996	111⅞	—	111½	106⅞	8.96	6.04
Treas 13¼pc 1997‡‡	121⅞	+⅛	122⅞	118⅞	10.91	6.20
Exch 10½pc 1997	113⅞xd	—	113⅞	110⅞	9.28	6.18
Treas 8¾pc 1997‡‡	108⅞xd	—	109	105½	8.03	6.21
Exch 15pc 1997	130⅞	—	132⅞	127⅞	11.47	6.49
9¾pc 1998	112⅞	—	112⅞	109⅛	8.65	6.39
Treas 7¼pc 1998‡‡	103⅞	—	103⅞	98⅞	6.98	6.28
7¼pc 1998 A‡‡	103⅞	—	103⅞	99⅞	6.99	6.29
7¼pc 1998 B‡‡	21⅞	—	21⅞	19⅞	7.00	6.31
Treas 6¾pc 1995-98‡‡	101⅛	—	101⅛	97⅞	6.67	6.48
14pc '96-1	129	—	129½	125⅛	10.85	6.75
Five to Fifteen Years						
Treas 15½pc '98‡‡	138⅛	—	139⅞	133⅞	11.23	6.58
Exch 12pc 1998	123⅞	+⅛	123⅞	118⅞	9.75	6.71
Treas 9½pc 1999‡‡	113⅞	+⅛	113⅞	108⅞	8.38	6.53
Exch 12¼pc 1999	125⅞	+⅛	125⅞	120⅞	9.79	6.77
Treas 10½pc 1999	118⅛	+⅛	118⅞	113⅞	8.89	6.65
Conversion 10¼pc 1999	118	+⅛	118⅛	112⅞	8.68	6.67
9pc 2000‡‡	112½xd	+⅛	112⅞	106	8.00	6.62
Treas 13pc 2000	132⅞	+⅛	132⅞	125½	9.80	6.95
10pc 2001	117⅞xd	-⅛	118	109⅞	8.48	6.90
7pc '01(£17¼PPd)‡‡	21⅞	—	21¼	17⅞	6.82	6.80
9¾pc 2002	118⅞xd	-⅛	118⅞	108⅞	8.26	7.01

BRITISH FUNDS - Cont.

Notes	Price £	+ or -	1993 high	1993 low	Yield Int.	Yield Red.
8pc 2003‡‡	107⅞	-⅛	108⅛	97⅞	7.41	6.87
8pc 2003 A‡‡	107⅛	-⅛	107⅞	102⅛	7.42	6.89
10pc 2003	120⅞xd	-⅛	121⅞	109⅞	8.27	7.06
Treas 11½pc 2001-4	124⅞xd	....	125	116⅞	9.20	7.19
Funding 3½pc '99-4	79⅞	-⅛	80⅛	67⅞	4.38	6.04
Conversion 9½pc 2004	117⅞	-⅛	117⅞	105⅞	8.09	7.20
9½pc 2005	117⅞	-⅛	117⅞	105⅞	8.07	7.23
Treas 12½pc 2003-5	135⅞	-⅛	136⅛	124⅞	9.20	7.42
7¾pc 2006‡‡	104⅛xd	-⅛	104⅞	94⅞	7.44	7.25
8pc 2002-6‡‡	105⅛	-⅛	106⅛	94⅞	7.57	7.31
Treas 11¾pc 2003-7	129¼	-⅛	129⅞	118⅞	9.09	7.38
Treas 8½pc 2007‡‡	110⅞	-⅛	110⅞	97⅞	7.70	7.29
8½pc 2007 C‡‡	26⅞	-⅛	26⅞	24⅞	7.72	7.33
13½pc '04-8	143⅞	-⅛	143⅞	131⅞	9.39	7.44
Over Fifteen Years						
Treas 9pc 2008‡‡	115¼	-⅛	115⅞	101¼	7.81	7.31
9pc 2008 D‡‡	71⅞	-⅛	71⅞	64⅞	7.81	7.32
8pc 2009	106⅛	-⅛	106⅞	92⅞	7.53	7.32
Conv 9pc Ln 2011‡‡	116⅞	-	116⅞	100½	7.74	7.34
Treas 9pc 2012‡‡	116⅞	+⅛	116⅞	100⅞	7.70	7.34
Treas 5½pc 2008-12‡‡	84⅞xd	+⅛	84⅞	70¼	6.50	6.98
Treas 8pc 2013‡‡	106⅞	+⅛	107⅞	93⅞	7.50	7.35
7¾pc 2012-15‡‡	105⅞	+⅛	105¼	89⅞	7.37	7.27
Treas 8¾pc 2017‡‡	115⅞xd	-⅛	116⅞	97⅞	7.57	7.34
Exch 12pc '13-'17	146⅞	+⅛	148¼	125⅞	8.21	7.51
Undated						
Consols 4pc	53	+⅛	53⅞	43⅞	7.56	-
War Loan 3½pc‡‡	47⅞	+⅛	47⅞	38⅞	7.43	-
Conv 3½pc '61 Aft	67	+⅛	67⅞	60⅞	5.22	-
Treas 3pc '66 Aft	39½	+⅛	39½	33½	7.59	-
Consols 2½pc	35	+¼	35¼	28⅞	7.14	-
Treas 2½pc	33⅞	+⅛	34⅛	27⅞	7.43	-

BRITISH FUNDS - Cont.

Index-Linked Notes (b)	Price £	+ or -	1993 high	1993 low	Yield (1)	Yield (2)
Treas 2pc '94 ..(102.9)	134⅞	-⅛	134⅞	131⅞	-	1.11
2pc '96‡‡ ....(67.9)	198¼xd	-⅛	198⅞	194⅞	1.88	2.64
4⅝pc '98‡‡ ..(135.6)	109¼	-⅛	109⅞	105⅞	2.25	2.83
2½pc '01 ....(78.3)	167⅞	+⅛	168⅛	158	2.70	3.13
2½pc '03 ....(78.8)	164⅞	+⅛	164⅞	155	2.82	3.20
4⅜pc '04‡‡ ..(135.6)	112⅛	+⅛	112⅞	105½	2.98	3.22
2pc '06 .....(69.5)	172⅞	+⅛	172⅞	159⅞	2.99	3.20
2½pc '09 ....(78.8)	157⅛	+⅛	157⅞	144	3.11	3.30
2½pc '11 ....(74.6)	163⅞xd	--	164⅞	148⅞	3.15	3.32
2½pc '13 ....(89.2)	135⅛	+⅛	135⅞	122⅞	3.17	3.32
2½pc '16 ....(81.6)	145⅞	+¼	145⅞	130⅞	3.19	3.34
2½pc '20 ....(83.0)	141⅛	+⅛	141⅞	124⅞	3.22	3.35
2½pc '24‡‡ ..(97.7)	118⅛	+¼	118⅞	102⅞	3.22	3.34
4⅛pc '30‡‡ ..(135.1)	118⅛	+¼	118⅞	103⅞	3.23	3.35

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for November 1992: 139.7 and for June 1993: 141.0.

OTHER FIXED INTEREST

Notes	Price £	+ or -	1993 high	1993 low	Yield Int.	Yield Red.
African Dev 11¼ 2010	132⅞	+⅛	132⅞	115⅞	8.37	7.57
Asian Dev 10¼pc 2009	124⅞	+⅛	124⅞	108⅞	8.22	7.53
B'ham 11½pc 2012	130	+2	130	114	8.85	8.36
Ireland Cap 8½pc '10	117⅛	-1⅛	118⅛	95	7.26	-
9pc Cap 1998	114⅞	-1¼	116	97⅞	7.84	-
13pc '97-2	130	----	130	110	10.00	-
Hydro Quebec 15pc 2011	159⅛	+⅞	159⅞	139⅞	9.43	8.49
Leeds 13½pc 2006	141¼	+2¼	141¼	128	9.58	-
Liverpool 3½pc Irred	40	+1½	41½	34	8.75	-
LCC 3pc '20 Aft	35½	+1	37½	30½	8.45	-
Manchester 11½pc 2007	127½	+2½	127½	114	9.02	8.20
Met. Wtr. 3pc 'B'	72½	+2½	72½	63¼	4.14	7.01
N'wide Anglia 3⅞pc 2021	137	+1⅞	137	117½	-	4.19
4⅛pc IL 2024	132⅞	+2	132⅞	115½	-	4.12
Utd Mex States 16½pc 2008	147	+2½	147	132¼	11.22	-

Continued on next page

CROSSWORD

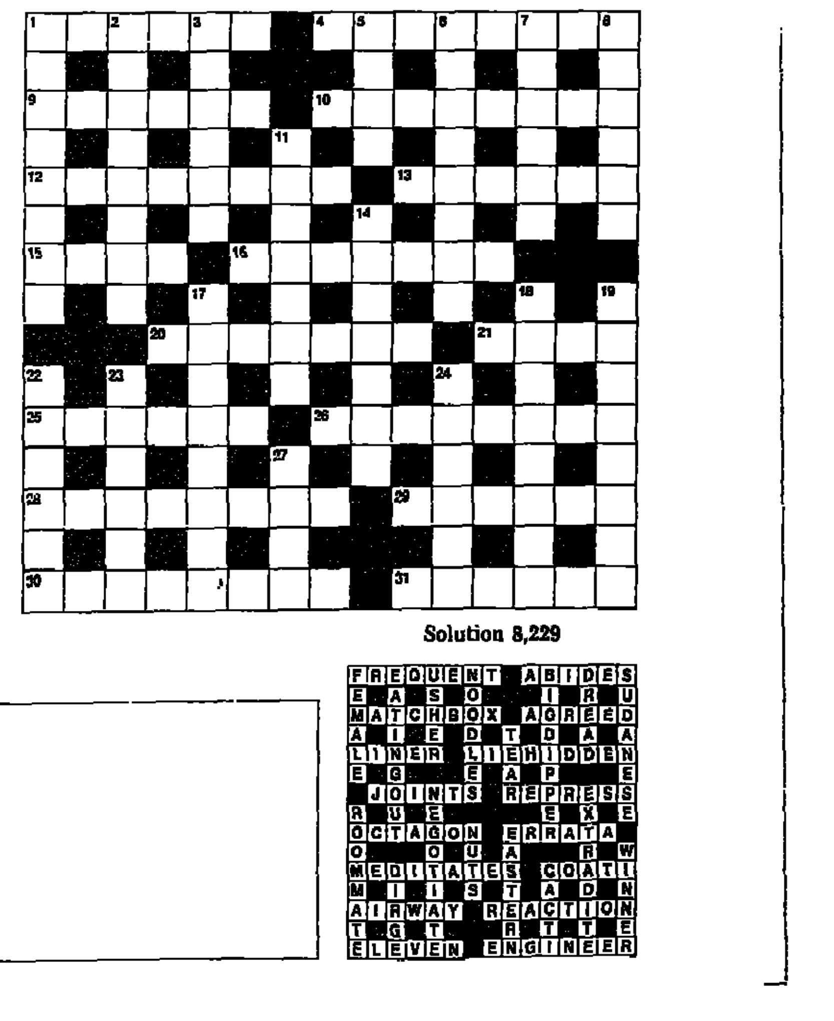
No.8,230 Set by FETTLER

ACROSS

1 British philosopher, one who is harsh voiced (6)
4 With knowing nod, I vote for love (8)
9 What actress nearly kicked over (6)
10 Battle station (8)
12 Curiously, I smear to wipe out (8)
13 Sun, with chemical energy, produced this system (6)
15 Send out for odd bits (4)
16 Such dress is custom made out east (7)
20 So to speak, after stressful starts (7)
21 She follows Pip any afternoon (4)
25 Involve English with Latin (6)
26 Remain erect! A way to attain par (8)
28 Potent mixture the French used when camping (8)
29 Honest digger, kind sort, expressing hesitation (6)
30 One steeped in Burgundy, yet perfectly literate (4-4)
31 Carriage, possibly hired by clubs (6)

DOWN

1 Ass gave shelter to an alien traitor (8)
2 It's said that a girl tricked a water boa (8)
3 Works hard, like professionals, but less quietly (6)
5 The lancers have dash (4)
6 Won, after the sixth ball arrived (8)
7 Ground millet is most unwelcome (3,3)
8 There's nothing in bouquets representative of marriage bonds (6)
11 Guides cars (7)
14 Judicially confirms at trials (7)
17 Such as Salome? Her head's one that's ready for a fall (8)
18 Boarded ship in the eastern Mediterranean.... (8)
19 .... Sea, ebbing in fear of a whole people (8)
22 Holy man, in poverty resided (6)
23 Position that most ancestors adopted (6)
24 Treen I manufactured intact (6)
27 Excuse the bit of leaf in the vegetable (4)



Solution 8,229

JOTTER PAD

LONDON SHARE SERVICE

AMERICANS

	Notes	Price £	+ or –	1993 high	1993 low	Mkt Cap£m	Yld Gr's
Abbott Labs		16$\frac{7}{8}$xd	+$\frac{1}{8}$	20$\frac{1}{4}$	15$\frac{5}{8}$	13,756	2.8
Allegheny & W	♥	708p	+6	722p	398p	368.9	2.8
Amdahl		349p	–7	691p	302$\frac{1}{2}$p	391.9	1.0
Amer Cyanamid		32$\frac{1}{4}$	+$\frac{1}{4}$	38$\frac{5}{8}$	31$\frac{1}{4}$	2,807	3.6
Amer Express		22$\frac{3}{8}$xd	–$\frac{1}{8}$	22$\frac{7}{8}$	14$\frac{3}{4}$	10,888	3.0
Amer T & T		42$\frac{5}{8}$xd		43$\frac{1}{4}$	33$\frac{1}{4}$	56,686	2.1
Ameritech		55$\frac{1}{2}$	–$\frac{1}{8}$	56$\frac{1}{8}$	46	24,299	4.5
BankAmerica		31$\frac{13}{16}$xd	+$\frac{1}{8}$	38$\frac{1}{4}$	27$\frac{1}{8}$	11,309	2.9
Bankers NY		64$\frac{1}{4}$xd	+$\frac{7}{8}$	64$\frac{1}{4}$	42$\frac{5}{8}$	4,384	3.8
Bell Atlantic		40$\frac{1}{8}$	+$\frac{1}{2}$	40$\frac{1}{2}$	32$\frac{1}{4}$	17,431	4.5
BellSouth		38$\frac{1}{8}$	+$\frac{1}{8}$	38$\frac{3}{4}$	32$\frac{3}{8}$	18,957	4.9
Bethlehem Steel	♥	9$\frac{7}{8}$xd	+$\frac{1}{4}$	13$\frac{1}{4}$	9	893.8	–
Bowater		1284pxd		1682p	1287p	901.5	2.9
CPC		27$\frac{7}{8}$xd	–$\frac{1}{2}$	34$\frac{5}{8}$	26	4,222	3.1
California Engy		1232p		1479p	1086p	224.3	–
Chase Manhattan		23$\frac{7}{8}$xd	+$\frac{1}{4}$	24$\frac{1}{2}$	17$\frac{7}{8}$	3,728	3.4
Chrysler		29$\frac{1}{2}$xd	–$\frac{1}{4}$	32$\frac{1}{8}$	21$\frac{1}{8}$	8,529	1.4
Citicorp		22$\frac{1}{16}$xd	+$\frac{1}{8}$	22$\frac{7}{16}$	13$\frac{7}{16}$	8,202	–
Colgate-Palm		32$\frac{1}{8}$xd	–$\frac{7}{16}$	45$\frac{5}{8}$	32$\frac{1}{8}$	9,129	3.0
Contl Bank		1642p	–13	1677p	1278p	1,659	2.4
Dana		36$\frac{7}{8}$xd	+$\frac{1}{16}$	37$\frac{7}{8}$	28$\frac{13}{16}$	1,093	2.9
Data General		961p	+6	951p	527p	154.8	–
Decora Inds	♥	113p		148p	109p	–	–
Dun & Brad		40$\frac{7}{8}$		42$\frac{1}{8}$	37$\frac{1}{8}$	7,285	4.0
Eaton		30$\frac{7}{8}$	–$\frac{1}{8}$	31$\frac{1}{16}$	25$\frac{7}{16}$	2,138	2.6
Echlin		19$\frac{7}{8}$xd	+$\frac{7}{16}$	20$\frac{1}{2}$	15$\frac{7}{16}$	1,158	2.4
FPL		27xd	+$\frac{1}{4}$	27$\frac{5}{8}$	23$\frac{1}{4}$	4,905	6.2
Ford Motor		36$\frac{1}{2}$xd	–$\frac{1}{8}$	36$\frac{1}{2}$	28$\frac{1}{4}$	17,328	1.9
Gen Elect		66$\frac{5}{8}$xd	–$\frac{1}{4}$	67$\frac{1}{8}$	53$\frac{7}{8}$	56,900	2.5
General Host	♥	544p	–38	723p	513p	–	4.4
Gillette		36$\frac{1}{8}$xd		42$\frac{5}{8}$	31$\frac{7}{8}$	7,938	1.6
Hasbro		20$\frac{7}{8}$		20$\frac{7}{8}$	20$\frac{7}{8}$	1,619	0.8
Honeywell		25$\frac{1}{2}$xd	+$\frac{1}{8}$	28$\frac{1}{2}$	20$\frac{13}{16}$	3,485	2.4
Houston Inds		30$\frac{1}{2}$	–$\frac{1}{8}$	33$\frac{1}{4}$	28$\frac{1}{4}$	3,958	6.6
Ingersoll-Rand		24$\frac{1}{8}$xd	+$\frac{1}{8}$	26	19$\frac{1}{8}$	2,548	1.9

CANADIANS

BANKS

BREWERS & DISTILLERS

BUILDING MATERIALS

BUILDING MATERIALS - Cont.

BUSINESS SERVICES

CHEMICALS

CONGLOMERATES

CONTRACTING & CONSTRUCTION

ELECTRICALS

ELECTRICITY

ELECTRONICS

ENGINEERING-AEROSPACE

ENGINEERING-GENERAL

ENGINEERING-GENERAL - Cont.

FOOD MANUFACTURING

FOOD RETAILING

HEALTH & HOUSEHOLD

HOTELS & LEISURE

HOTELS & LEISURE - Cont.

INSURANCE BROKERS

INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

[illegible]

Net asset values supplied by NatWest Securities Limited as a guide only. See guide to London Share Service.

MERCHANT BANKS

[illegible]

METALS & METAL FORMING

[illegible]

MISCELLANEOUS

[illegible]

OIL & GAS - Cont.

[illegible]

PACKAGING, PAPER & PRINTING - Cont.

[illegible]

STORES - Cont.

[illegible]

TELEPHONE NETWORKS

[illegible]

TEXTILES

[illegible]

PROPERTY

[illegible]

MINES - Cont.

[illegible]

INVESTMENT COMPANIES

[illegible]

Net asset values supplied by NatWest Securities Limited as a guide only. See guide to London Share Service.

OTHER FINANCIAL

[illegible]

TRANSPORT

[illegible]

MEDIA

[illegible]

OTHER INDUSTRIALS

[illegible]

WATER

[illegible]

MOTORS

[illegible]

STORES

[illegible]

SOUTH AFRICANS

[illegible]

PLANTATIONS

[illegible]

PACKAGING, PAPER & PRINTING

[illegible]

MINES

[illegible]

OIL & GAS

[illegible]

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday

Market capitalisation shown is calculated separately for each line of stock quoted

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs

□ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ).
● "Tap Stock"
* Highs and lows marked thus have been adjusted to allow for rights issues for cash
† Interim since increased or resumed
‡ Interim since reduced, passed or deferred
‡‡ Tax-free to non-residents on application
ф Figures or report awaited
♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
♣ Free annual/interim report available, see details below
☆ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities
†† Not officially UK listed; dealings permitted under Rule 535(2)
# Price at time of suspension
¶ Indicated dividend yield after pending scrip and/or rights issue
♦ Merger bid or reorganisation in progress
§ Forecast dividend yield; p/e based on earnings updated by latest interim statement.
♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v Not subject to ACT.
z Dividend yield includes a special payment
E Auction basis
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1993.
K Yield based on prospectus or other official estimates for 1992-93
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94
N Figures based on BMR "Headline Earnings" draft proposals.
P Figures based on prospectus or other official estimates for 1994
R Forecast annualised yield, p/e based on prospectus or other offical estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xf ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1235 a year for each security shown, subject to the Editor's discretion

FT Free Annual Reports Service

You can obtain the current annual/interim report of any company annotated with ♣. Ring 081 643 7181 (open 24 hours including weekends) or fax 081 770 3822, quoting the code FT6846. [If calling from outside UK, dial +44 81 643 7181 or fax +44 81 770 3822] Reports will be sent the next working day, subject to availability. If faxing please remember to state the weekly changing FT code above and also your post code.

FT Cityline

Up-to-the-second share prices are available by telephone from the FT Cityline service. See Monday's share price pages for details.

An International service is available for callers outside the UK, annual subscription £250 stg.

Call 071-873 4378 (+44 71 873 4378, International) for more information on FT Cityline.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

AUTHORISED UNIT TRUSTS

Marks & Spencer Unit Trust Ltd (1200)F
PO Box 410, Chester X, CH99 9DG 0244 690066

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
M & S Inv P'fol'o	5½	144.6	145.0	155.0	+0.92	1.89
Do Accum	5½	162.3	162.5	173.7	+0.98	1.89
UK Sel P'fol'o	5½	120.1	120.6	128.2	+0.38	2.44
Do Accum	5½	135.7	136.5	146.0	+0.39	2.44

Marlborough Fund Managers Ltd (1630)F
87 Victoria Square, Bolton, BL1 1LA 0204 364642

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Managed Tst	5	68.93	69.53	73.97	—	3.74

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (♠) - 1401 to 1700 hours; (♣) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH. Tel: 071-379-0444.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
State Street Unit Trust Mngmt Ltd (1400)F						
28 King Street, London SW1 6QW					071-344 7000	
Global A	5¼	[illegible]	3.716	3.946	—	1.21
US Equities (a)	5¼	92.178	2.178	2.312	—	1.45
Far East Equities (b)	5¼	7245.4	245.4	262.2	—	—
Japan Equities (c)	5¼	1249.9	271.5	287.2	—	—
FT Europe Bd	5¼	117.3	117.4	124.8	—	2.09
FT North American Ind	5¼	91.719	1.719	1.823	—	1.31
FT Japan (c)	5¼	1280.2	250.7	266.3	—	—
FT Asia Ex Japan Ind	5¼	91.966	1.985	2.108	—	1.45
Stewart Ivory Unit Tst Mgrs Ltd (1200)H						
45 Charlotte Sq, Edinburgh					031-226 3271	
American ♥	5	354.9	354.9	378.6	+1.6	0.32
(Accum Units) ♥	5	418.4	418.4	446.4	+1.9	0.32
British	5	881.3	881.3	1046.8	+4.3	3.07
(Accum Units)	5	1737.7	1737.7	1853.6	+7.5	3.07
Emerging Markets	5	113.7	114.8	122.0	+0.8	0.20
(Accum Units)	5	113.9	114.8	122.2	+0.8	0.20
European	5	408.3	408.3	435.4	+3.4	1.32
(Accum Units)	5	449.4	449.4	479.2	+3.8	1.32
Japan	5	166.9	166.9	177.1	+2.8	—
(Accum Units)	5	168.2	168.2	178.5	+2.8	—
New Pacific	5	321.4	323.3	344.3	+1.7	0.85
(Accum Units)	5	336.8	338.8	360.8	+1.8	0.85
Investment Tst	5	205.3	207.5	219.9	+1.5	1.62
(Accum Units)	5	229.1	231.4	245.4	+1.7	1.62
Mngd Equity	5	160.3	161.6	171.2	+0.8	1.46
Mngd Equity Acc	5	175.7	177.3	187.8	+0.9	1.46
Mngd Cash	0	95.83	95.83	95.83	—	5.17
(Accum Units)	0	128.7	128.7	128.7	—	5.17
Majority Stg	1	100.01	100.01	101.01	+0.04	4.84
Majority Stg Acc	1	118.71	118.71	119.89	+0.05	4.84
Sun Alliance Unit Tst Mngmt Ltd (1200)F						
Admin 5 Rayleigh Rd, Hutton, Brentwood, Essex						
Enquiries 0277 227300					Dealing 0277 690389	
Equity	6	784.1	784.1	817.2	+4.4	2.62
North American	6	121.9	121.9	130.4	+0.3	0.22
Far East	6	137.7	137.7	147.3	+1.5	0.40
W'wide Bond	6	63.77	63.82	67.73	+0.25	6.36
European	6	89.62	89.92	95.17	+0.98	0.52
Equity Income	6	88.14	88.90	95.46	+0.87	3.72
Portfolio	6	79.18	79.61	85.38	+1.27	0.81
UK Leading Cos	6	54.27	54.89	58.39	+0.34	2.61
Broker Trusts						
Intnl Equity	6	61.57	62.07	66.3	[illegible]	

	Bid Price	Offer Price	+ or -	Yield Gross
Lazard Investors Ltd ‡				
Exempt Funds				
Small Co's Aug 11	£5287.5	5455.2	—	2.43
European Aug 11	£2749.9	758.2	—	1.45
American Aug 11	£2444.7	448.5	—	1.44
Japan Aug 11	£2038.6	848.6	—	0.47
Pacific Aug 11	£2265.9	209.0	—	0.83
Midland Gilt Jul 30	£138.80	140.70	—	3.7
Local Authorities Mutual Invest. Tst.*				
2 Fore Street, London EC2Y 5AQ			071-588 1815	
Property Jul 31	178.50	182.15	—	8.74
Equity Jul 31	7062.10	9058.70	—	2.84
* Available only to Local Authorities				
M & G Securities Ltd				
Charibond (z)		118.84xd	+0.2	8.25
(Accum Units)		819.34	+1.6	9.25
NARCIF (z)		48.29xd	+0.3	7.15
Merlin Jupiter Unit Trust Managers Ltd				
Merlin Jupiter Exempt Trust				
UK Equity	£13.14	13.38	+0.66	-
Morgan Grenfell Investment Funds Ltd				
Exempt Funds				
UK Equity † Aug 10	174.3	178.3	—	2.45
UK Small Co † Aug 10	877.3	887.0	—	2.07
Fixed Interest † Aug 10	128.3	129.2	—	8.61
Intl Bond Aug 10	148.8	150.1	—	7.03
Morgan Stanley International				
UK Exempt NAV	£1408.60		—	-
Overseas Exempt NAV	£1380.75		—	-
Murray Johnstone UT Mngmt				
Murray Exempt Funds				
American Exempt	68.27	69.65xd	+0.84	1.31
European Exempt	59.81	61.14xd	+0.95	1.97
Fixed Int Ex Aug 12	53.14	53.69	—	7.61
Japan Exempt	67.12	69.19	+0.83	0.61
Managed Ex Aug 12	56.80	58.21	—	2.98
SE Asia Exempt	127.70	127.10	+1.10	1.97
Sm Cos Expt Aug 12	44.61	46.84	—	2.84
UK Eqty Ex Aug 12	[illegible]	[illegible]	—	

[illegible]

INSURANCES

[illegible]

OTHER UK UNIT TRUSTS

[illegible]

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

Prudential Assurance Co
Holborn Bars, London EC1N 2NH 071-405 9222

	Bid Price	Offer Price	+ or -	Yield Gross
Prudent				
Managed Aug 11	313.7	330.8	—	—

Prudential Corporate Pension Funds
55 King's Road, Reading RG1 3AH 0734 494852

	Bid Price	Offer Price	+ or -	Yield Gross
Prudential Managed Funds				
Discretionary Aug 11	£243.19	250.78	—	—
Equity Aug 11	£271.53	281.07	—	—
International Aug 11	£41.59	42.89	—	—
Intl Bond Aug 11	£21.21	21.48	—	—
Fixed Int Aug 11	£130.13	131.87	—	—
Index Linked Aug 11	£94.63	95.85	—	—
Property Aug 11	£111.19	117.34	—	—
Cash Aug 11	£33.78	33.78	—	—
Pre-Linked Retirement Plan				
Managed Aug 11	585.40	589.00	—	—
Cash Aug 11	305.60	318.40	—	—
Prudential Pension Investment Account				
Pens Mngd	229.80	246.70	(2)	—
Pens Mngd A	102.60	108.10	(2)	—
Pens UK Eq	383.30	413.10	(2)	—
Pens Intl	300.50	322.30	(2)	—
Pens Global Eqty	130.30	137.20	(2)	—
Pens Fixed	293.80	310.00	(2)	—
Pens Index Lk	238.30	251.60	(2)	—
Pens Property	90.40	95.20	(2)	—
Pens Cash	199.50	210.30	(2)	—
Money Purchase Plan				
Discretionary (2)	133.10	142.60	(2)	—
Equity (2)	138.00	146.40	(2)	—
International (2)	139.80	145.80	(2)	—
Global Equity (2)	135.80	145.80	(2)	—
Intl Bond Feb (2)	151.40	159.30	(2)	—
Fixed Interest (2)	146.30	153.80	(2)	—
Index Linked (2)	131.00	137.80	(2)	—
Property Feb (2)	101.20	110.80	(2)	—
Cash (2)	115.40	121.10	(2)	—

Prudential Individual Life Funds
55 King's Road, Reading, RG1 3AH 0734 494852
Series I Life Funds

[illegible]

Scottish Amicable - Contd.

	Bid Price	Offer Price	+ or -	Yield Gross
Others				
Capital Guarantee Bond	103.3	108.8	+0.20	—

Scottish Equitable Life Assce. Soc.
28 St Andrew Sq, Edinburgh 031-556 9101

	Bid Price	Offer Price	+ or -	Yield Gross
Mixed	241.3	254.0	+1.4	—
UK Equity	224.5	236.4	+1.4	—
International	240.3	253.3	+1.8	—
American	240.5	253.2	-0.3	—
European	228.7	240.8	+1.5	—
Japan	268.8	283.1	+2.6	—
Pacific	344.5	362.7	+2.3	—
Technology	318.0	334.7	+1.3	—
Fixed Interest	181.8	191.4	+1.5	—
Indexed Linked	159.8	168.2	+0.6	—
Foreign Bond/Currency	230.2	242.3	+1.3	—
Cash	173.745	182.889	+0.058	—
Ethical	122.0	128.4	+0.5	—
Pens Mixed	694.9	731.4	+4.8	—
Pens UK Equity	762.0	802.2	+7.7	—
Pens International	765.6	805.8	+4.9	—
Pens American	244.8	257.7	-0.7	—
Pens European	268.9	281.0	+2.3	—
Pens Japan	330.6	347.6	+4.1	—
Pens Pacific	390.1	410.7	+3.5	—
Pens Fixed Interest	370.0	389.5	+1.9	—
Pens Index Linked	198.2	208.6	+1.1	—
Pens Cash	278.804	291.476	+0.118	—
Pens Property	213.62	224.86	—	—
Pens Ethical	157.7	166.0	-1.0	—
Edinburgh Inv	368.7	388.0	—	0
Baillie Gifford Japan	262.7	276.6	+3.6	—

Scottish Life Investments
19 St Andrew Square, Edinburgh 031-225 2211

	Bid Price	Offer Price	+ or -	Yield Gross
Property	179.7	189.3	+0.2	—
UK Equity	333.8	351.4	+2.0	—
American	243.8	256.7	-0.4	—
Pacific	342.3	360.4	-0.5	—
European	428.7	451.4	+1.6	—
International	294.8	310.4	+0.3	—
Fixed Interest	242.4	255.2	+0.2	—
Index Linked	185.6	209.0	+0.9	—

[illegible]

Sun Alliance Group - Contd.

	Bid Price	Offer Price	+ or -	Yield Gross
Fram Intnl. Growth	198.0	208.4	+1.0	—
Fram Japan & General	319.2	336.9	+3.3	—
Fram Recovery Tst	324.8	342.0	+1.2	—
GT Special Mngd	228.1	240.1	+1.9	—
GT Amer Spec Sits	181.1	189.5	+2.3	—
GT Capital	267.4	281.4	-0.7	—
GT European	281.6	296.4	+1.5	—
GT Far East & Gen	284.0	298.9	+2.4	—
GT International	259.6	273.2	+1.0	—
GT Japan & General	259.3	272.9	+2.4	—
GT US & General	253.8	267.1	+0.7	—
Property Growth Life Funds				
Investment		356.6	+2.0	—
Investment (A)		314.1	-1.9	—
Abbey National		387.3	—	—
Abbey National (A)		411.1	—	—
Actuarial		381.8	+2.9	—
Agricultural		785.6	+0.1	—
Agricultural (A)		735.6	+0.1	—
Building Society		216.7	—	—
Equity		1178.7	+5.3	—
Equity (A)		1132.1	+8.1	—
Gilt Edged		389.2	+2.8	—
Gilt Edged (A)		383.7	+2.8	—
International		650.8	+8.5	—
Money		448.3	+0.1	—
Money (A)		429.8	+0.1	—
Property		480.8	+0.1	—
Property (A)		480.2	—	—
Atlantic Investment		723.3	—	—
Atlantic All Weather	673.9	709.4	—	—
Property Growth Pension Funds				
Managed (Acc)		1065.2	-7.8	—
Managed (Cap)		586.2	-4.2	—
Building Society (Acc)		797.5	+0.2	—
Building Society (Cap)		448.3	—	—
Conv Bldng Soc (Acc)		858.0	+0.2	—
Conv Bldng Soc (Cap)		454.0	—	—
Equity (Acc)		302.9	+5.4	—
Equity (Cap)		580.0	+3.2	—
Gilt Edged (Acc)		475.9	+3.2	—
Gilt Edged (Cap)		295.9	+1.8	—
International (Acc)		338.8	+3.2	—

[illegible]

MANAGEMENT SERVICES

[illegible]

OFFSHORE INSURANCES

[illegible]

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

[illegible]

CANADA (SIB RECOGNISED)

[illegible]

GUERNSEY (SIB RECOGNISED)

[illegible]

GUERNSEY (REGULATED)(**)

[illegible]

IRELAND (SIB RECOGNISED)

[illegible]

IRELAND (REGULATED)(**)

[illegible]

ISLE OF MAN (SIB RECOGNISED)

[illegible]

ISLE OF MAN (REGULATED)(**)

[illegible]

JERSEY (SIB RECOGNISED)

[illegible]

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JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Fears of capital controls

EUROPEAN exchange rate movements were comparatively calm yesterday because of the mid-August holiday in some centres, but several currency analysts spoke of concern about the prospect of capital controls being introduced on the continent, *writes James Blitz.*

The French franc weakened by about a centime at the start of yesterday's trading, piercing the FFr3.54 level to the D-Mark. It later closed at FFr3.544. The Danish krone traded comparatively calmly, closing at DKr4.1311, having been at DKr4.1566 earlier in the day.

Despite the thin trading in European currencies, some analysts said that they had been deluged with calls from US and Asian customers who were concerned about the prospect of capital controls being re-introduced in France.

They said that alarm had been raised by President Francois Mitterrand's comments at the weekend, talking about the need to fight "plots of money." This followed comments last week from the French and Belgian governments about the need to control capital flows.

One analyst said yesterday: "I can never remember a time when I have received so many calls in one day on a single issue." Mr Steve Hannah, chief economist at IBJ International in London, said that the reimposition of capital controls was extremely unlikely. But the move, he said, would bring such a strong downturn in European asset markets that investors might hedge their positions in any case.

Sterling performed quite strongly against the D-Mark, gaining half a pfennig to close at DM2.5025.

The pound has lost about 2 percentage points on its trade weighted index in the last week amid speculation that Britain would cut interest rates. But, according to one analyst, a 1 percentage point cut in UK interest rates has now been fully priced into the market.

The dollar weakened sharply against the D-Mark yesterday afternoon in Europe, dropping at one stage to a low of DM1.6845. It later closed in London at DM1.6865, nearly 2¼ pfennigs down on the day.

Some dealer were mystified by the move, coming after July's industrial output figures which showed an expected monthly rise of 0.4 per cent.

Others said it was a delayed reaction to the dollar's weakness against the yen, which continued yesterday.

Despite heavy intervention from the Bank of Japan, the yen climbed to a new post-war high of Y100.80 against the dollar at the start of European trading. It later fell back to close at Y101.05. But there was little doubt that the Japanese currency would reach the Y100 level before too long.

Some analysts expressed surprise that the yen was climbing so far despite talk of a cut in the Japanese discount rate and lethargic economic activity. In the past week, Japanese call money has fallen from to 3 1/16 per cent from 3¼ per cent.

£ IN NEW YORK

Aug 16	Latest	Previous Close
£ Spot	1.4815 - 1.4825	1.4590 - 1.4600
1 month	0.38 - 0.37pm	0.36 - 0.35pm
3 months	0.98 - 0.96pm	0.98 - 0.96pm
12 months	2.70 - 2.60pm	2.63 - 2.55pm

Forward premiums and discounts apply to the US dollar

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Aug 16	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator‡
Dutch Guilder	2.19672	2.14894	-2.18	8.80	-
D-Mark	1.94964	1.90817	-2.13	8.75	-
Irish Punt	0.808628	0.818937	1.27	5.09	-9
Belgian Franc	40.2123	40.7814	1.42	4.95	-10
Portuguese Escudo	192.854	196.388	1.83	4.52	-12
Spanish Peseta	154.250	158.852	2.98	3.35	-21
French Franc	6.53883	6.76501	3.46	2.87	-29
Danish Krone	7.43679	7.91517	6.43	0.00	-44

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
‡Indicative values only. Divergence indicators are based on 15% band limitations but do not show the 2.25% band between the Dutch Guilder and D-Mark.

POUND SPOT - FORWARD AGAINST THE POUND

STERLING INDEX

CURRENCY RATES

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

CURRENCY MOVEMENTS

EURO-CURRENCY INTEREST RATES

OTHER CURRENCIES

EXCHANGE CROSS RATES

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100: Peseta per 100.

FINANCIAL FUTURES AND OPTIONS

OPTION ON LONG-TERM FRENCH BOND (MATIF) (Aug.13)

Strike	Calls September	Calls December	Calls March	Puts September	Puts December	Puts March
119	3.55	-	-	-	0.23	-
120	2.55	-	-	-	0.58	-
121	1.60	1.81	-	0.03	0.65	-
122	0.72	1.23	-	0.13	1.03	-
123	0.17	0.76	-	0.62	-	-
Open Int	111,247	117,016	22,285	224,479	100,336	15,983

Estimated volume 28,029 † Total Open Interest 591,348
† All Yield & Open Interest figures are for the previous day.

BASE LENDING RATES

	%		%		%
Adam & Company	6	Cyprus Popular Bank	6	Mount Banking	6
Allied Trust Bank	6	Duncan Lawrie	6	NatWestminster	6
AIB Bank	6	Equatorial Bank plc	6	Nykredit Mortgage Bnk	6.5
●Henry Ansbacher	6	Exeter Bank Limited	7	●Rea Brothers	6
B & C Merchant Bank	13	Financial & Gen Bank	7	Roxburghe Bank Ltd	6
Bank of Baroda	6	●Robert Fleming & Co	6	Royal Bk of Scotland	6
Banco Bilbao Vizcaya	6	Girobank	6	●Smith & Williamson Secs	6
Bank of Cyprus	6	●Guinness Mahon	6	Standard Chartered	6
Bank of Ireland	6	Habib Bank AG Zurich	6	TSB	6
Bank of India	6	●Hambros Bank	6	●United Bk of Kuwait	6
Bank of Scotland	6	Heritable & Gen Inv Bk	6	Unity Trust Bank Plc	6
Barclays Bank	6	●Hill Samuel	6	Western Trust	6
Brit Bk of Mid East	6	C. Hoare & Co	6	Whiteaway Laidlaw	6
●Brown Shipley	6	Hongkong & Shanghai	6	Wimbledon & Sth West	7
CL Bank Nederland	6	Julian Hodge Bank	6	Yorkshire Bank	6
Citibank NA	6	●Leopold Joseph & Sons	6		
City Merchants Bank	6	Lloyds Bank	6		
Clydesdale Bank	6	Meghraj Bank Ltd	6		
The Co-operative Bank	6	McDonnell Douglas Bk	6		
Coutts & Co	6	Midland Bank	6		
Credit Lyonnais	6				

● Members of British Merchant Banking & Securities Houses Association

MONEY MARKETS

DM call money down

GERMAN call money fell below the Bundesbank's official discount rate level again yesterday, although there was little expectation that the German central bank would announce a lower fixed rate repo this week, *writes James Blitz.*

The fall in the cost of overnight lending in Germany, to 6.65-6.70 per cent yesterday from 6.70-6.80 per cent on Friday, was the result of easier conditions in the German money market.

UK clearing bank base lending rate 6 per cent from January 26, 1993

Some dealers said that only a modest amount of August's tax payments had come into the banks yesterday morning.

The last repo rate was set at 6.80 per cent for 14 day funds. But many dealers expected the Bundesbank to set a similar price for funds today.

Euromark futures continued to reflect a pessimistic outlook for German rate cuts with the September contract falling 4 basis points to close at 93.49.

The French domestic interest rate market was shut yesterday because of the mid-August holiday. But one dealer in London pointed out that there had been a marked rise in Euro interest rates over the last 3 trading days, putting them well above the level of France's domestic rates. These rates reflect the cost of borrowing and depositing French francs offshore.

Three month French Euro-francs were quoted yesterday at 8.50 per cent, well above their Thursday level of 7.87 per cent. By contrast, 3 month domestic French francs were quoted at between 8.06 per cent and 8.31 per cent on Friday.

The dealer wondered whether the rise in Euro rates had been the result of concerns that France might introduce some form of exchange control in the wake of the crisis in the exchange rate mechanism.

On Sunday, President François Mitterrand of France issued a particularly strong attack on the way in which currency market speculation had foundered the ERM.

However, others pointed out that the differential might have been the result of distortions created by the holiday, and that the domestic market would come into line today.

Sterling markets were comparatively quiet. The September short sterling contract dropped 4 basis points to close at 94.25. Three-month sterling cash was more-or less unchanged at around 5¾ per cent. There was a daily shortage of £1.7bn.

FT LONDON INTERBANK FIXING

MONEY RATES

LONDON MONEY RATES

MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

WORLD STOCK MARKETS

CANADA

TORONTO

4 pm close August 16

MONTREAL

4 pm close August 16

INDICES

NEW YORK DOW JONES

STANDARD AND POOR'S

NEW YORK ACTIVE STOCKS

TRADING ACTIVITY

CANADA TORONTO

JAPAN

TOKYO - Most Active Stocks

Monday, August 16, 1993

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Oki Elec	6.0m	533	+15	Nikko Sec	3.5m	1,340	-10
Itochu Corp	6.0m	632	+8	Tagasago Intl	3.5m	977	+43
Nippon Steel	5.3m	382	+6	Fujitsu	3.5m	785	
Nikko Kyodo	4.0m	581	+3	Cosmo Oil	3.4m	930	-9
Koa Oil	3.8m	1,030	+109	Kawasaki Steel	3.1m	382	+4

4 pm close August 16

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1993 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chg'e Prev. Close
14¾	11½	AAR Corp	0.48	3.6	68	148	13½	13⅜	13¾	
29⅝	13¾	A L Labs A	0.18	1.0	35	148	18¼	17½	17¾	
65⅞	54⅝	AMP Inc	1.60	2.5	22	2012	64¾	64⅝	64⅝	-⅛
72¾	55½	AMR			17	1963	65¾	65⅛	65¼	-⅛
2¾	1¾	ARX			14	10	2½	2⅜	2⅜	-⅛
51½	29⅞	ASA	2.00	4.4	29	438	45⅛	44¾	45	+¼
30¾	22⅞	Abbott Lab	0.68	2.7	15	9525	25	23⅞	24⅞	+1
12⅝	9½	Abitibi Pr	0.50	5.1	4	14	9⅞	9⅝	9¾	+⅛
14⅜	8¼	Acpincola			239	298	u14½	14⅜	14⅜	+⅛
33	25½	ACE Ltd	0.40	1.2		1180	32⅞	32⅜	32½	+⅛
12	10¾	ACM Gvt In x	0.96	8.6		678	11⅛	11	11⅛	+⅛
10	9⅛	ACM GvOpp x	0.80	8.1		12	u10	9⅞	9⅞	
9⅞	8¾	ACM Gvt Sp x	0.80	8.6		684	9¼	9⅛	9¼	
11⅝	10½	ACM Gvt Se	0.96	8.8		998	11	10¾	10⅞	
11⅝	9⅝	ACM Man x	1.08	9.5		188	11⅜	11¼	11⅜	+⅛
9⅝	8⅝	ACM Managd x	0.72	7.8		158	9¼	9⅛	9⅛	
12⅝	7¾	Acme Cleve	0.44	4.1	14	69	11⅛	10¾	10¾	-⅛
9¼	6½	Acme Elect			233	77	7⅛	7	7	-¼
25¼	18⅜	Acordia	0.44	1.7	14	10	u25⅜	25¼	25¼	
16	10⅜	Acuson			32	288	12⅛	11¾	11⅞	-⅛
22¼	19⅝	Adams Expr	0.48	2.4	1	161	20⅛	19⅞	20	
66	45½	Ad Micro	3.00	4.7		251	64	62	63¾	+1⅜
32¾	17⅝	Ad Micro P	3.00	9.6	12	7255	31¼	29⅞	31¼	+1
7¾	5½	Advest Grp	0.16	2.3	12	490	7	6⅞	7	+½
24¾	16⅞	Advo Inc	0.08	0.5	18	322	17⅛	16¾	17	
49⅛	41⅛	Aegon ADR	2.95	6.2	9	143	47⅜	47⅛	47⅜	
60	43⅜	Aetna Lf	2.76	4.6	41	3387	u60½	59½	59¾	+⅜
14½	11½	AHM A	0.26	1.8	38	3919	14⅜	14⅛	14¼	
32¾	29	Aflac	0.40	1.3	15	873	32	31⅛	31⅞	+⅝
22⅛	16¾	Ahmanson	0.88	4.6	22	1694	19½	19¼	19¼	
7⅜	4	Aileen Inc			6	44	4⅜	4⅜	4⅜	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

- B -

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Continued on next page

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4 pm close August 16

NYSE COMPOSITE PRICES

Continued from previous page

NASDAQ NATIONAL MARKET

4 pm close August 16

Stock	Div.	P/ E	Sls 100s	High	Low	Last	Chng
A&W Brands	0.32	15	3178	18½	17¾	18	-½
ABS Inds	0.10	14	2	12½	11¾	12½	
ACC Corp	0.12	36	665	15½	14¾	14⅞	-⅛
Acclaim E		48	3279	u36¾	35½	36¾	+1¼
Acme Mtls		134	28	17½	16½	17½	-1
Acuson Cp		30	51	18¼	18	18¼	+⅛
Adaptech		15	3577	30¾	29⅞	30½	+⅜
ADC Tele		31	694	33	32	33	-½
Addington		44	1562	16¾	16¼	16⅝	-¼
Adia Serv	0.16	18	3	36	34½	34½	-½
Adobe Sys	0.20	27	8803	27¼	25¾	25⅞	-⅛
Advance C		8	205	10⅛	9⅞	9⅞	
Adv Logic		5	68	3¼	3	3¼	+¼
Adv Polym		10	176	6½	6¼	6¼	
AdvTchLab		30	240	17½	17	17½	-½
Advanta	0.25	19	1579	53½	50¾	51½	-1½
Affymax		14	474	13½	12½	13½	-¾
Agency Re		14	108	u9⅛	8⅞	9	
AgnicoEa	0.10	51	1980	10⅝	10	10¼	+¼
Alza ADR	2.60	16	421	u46⅞	46½	46⅞	+1½
Aldus Cp		63	219	17¼	16½	16½	
Alex Bald	0.88	15	417	25¾	25¼	25¼	
Allegn &W		16	276	10⅝	10¼	10½	-½
Allen Org x	0.48	14	10	30¾	29¾	30	-49

AMEX COMPOSITE PRICES

4 pm close August 16

Price data supplied by Telekurs

FINANCIAL TIMES Tuesday August 17 1993

AMERICA

Dow peaks as telecoms deal lifts sentiment

Wall Street

US share prices jumped to record highs yesterday morning as market sentiment was boosted by news of a multi-billion-dollar merger in the telecommunications industry, *writes Patrick Harverson in New York.*

At 1 pm, the Dow Jones Industrial Average was up 19.28 at 3,538.93. The more broadly based Standard & Poor's 500 was 3.01 higher at 453.15, while the Amex composite was up 2.11 at 441.19, and the Nasdaq composite up 7.04 at 725.30. Trading volume on the NYSE was 136m shares by 1 pm.

Although prices dropped at the opening, the decline was a reflection of the impact of dividend payouts on several Dow stocks. Once that had been digested, prices quickly began to appreciate across the board, aided by further declines in bond yields.

The day's big story was the news that American Telephone & Telegraph was to buy all of McCaw Cellular Communications, in a stock-swap worth $12.6bn.

Although the development was not totally unexpected – AT&T already owns a significant stake in McCaw – the arrival of a huge corporate transaction was welcomed by equity investors.

AT&T fell $¼ to $61⅞ on the news, while McCaw soared $5¼ to $56½ in volume of 4.5m shares on the Nasdaq market. Lin Broadcasting, a cellular operator majority-owned by McCaw, jumped $8 to $110¼.

Overall, prices may have been supported, too, by the day's economic news, which consisted of a 0.4 per cent rise in July industrial production and a small increase in capacity utilisation from 81.3 per cent to 81.5 per cent.

Salomon climbed $2⅞ to $48⅛ after Mr Warren Buffett, the billionaire investor and former Salomon chairman, notified the government authorities that he planned to take his stake in the company, currently at 14.3 per cent, over the 15 per cent mark. Analysts said that the move was a vote of confidence in Salomon.

Aluminum Company of America led blue-chips higher, rising $2⅝ to $74 in busy trading. Other metals stocks, especially gold companies, were also firmer, with Newmont Mining up $⅝ at $48⅝ and Battle Mountain Gold up $⅜ at $9¼.

On the Nasdaq market, Snapple Beverage climbed $3¼ to $42½ after declaring a two-for-one stock split.

BRAZILIAN equities gained 6.3 per cent in heavy midsession trading, on strong buying in Telebras, the state telecommunications group, as investors moved to liquidate positions on the options market.

The Bovespa index was up 4,616 at 77,356, with Telebras advancing nearly 8 per cent. Sentiment was also lifted by the appointment of a new finance minister.

Canada

GOLD stocks, reflecting higher bullion prices, gave Toronto the little impetus it had in midsession, with a rise of 143.00, or 1.6 per cent in the sector index against a mere 3.75 points to 4,018.37 in the TSE 300 composite at noon.

Volume fell from 27.8m to 21.6m shares. Active stocks included Kinross Gold, up 4 cents at C$2.95.

SOUTH AFRICA

GOLD shares resumed gains in late trading as the bullion price rallied above $372 an ounce. The index advanced 80, or 4.8 per cent, to 1,747, while the industrial index put on 8 at 4,529. The overall index improved 29 to 3,990.

EUROPE

Opposing influences move Frankfurt bourse

THERE was a sense of hiatus among senior bourses yesterday, writes Our Markets Staff, with Paris, Madrid and Brussels closed for the Assumption Day holiday.

FRANKFURT fell back from early morning highs, the DAX index closing 5.61 higher at 1,912.19, after an early intraday peak of 1,931.38 and a gain of 2 per cent last week. Brokers said that there were some large buy orders in the pre-bourse, but no positive follow-through thereafter.

Turnover fell from DM9.4bn to DM7.8bn. In the post-bourse, the Ibis-indicated DAX fell to 1,903.51.

Mr Hans Peter Wodniok, at James Capel in Frankfurt, said that investors were torn between thoughts of consolidation – the DAX having risen by 300 points in less than three months – and the temptation to begin speculation on a further reduction in interest rates when the Bundesbank meets on Thursday week.

Meanwhile, blue chips saw Siemens rise DM8.60 to DM684.60, having lagged behind the market recently.

In chemicals, Hoechst put on DM2.80m to DM279.80 for similar reasons; among carmakers, a DM7.30 drop in Volkswagen to DM392.30, weighed down by industrial spying allegations, was offset by a DM13 rise to DM716.50 at Daimler.

Initial interest in the department store retailer, Karstadt, took it up to DM623 at midday before it closed a modest DM3.20 higher at DM608.00 following confirmation of discussions on warehousing and distribution logistics with its competitor, Hertie.

In contrast, Germany's second largest department store chain, Kaufhof, fell DM16 to DM549 on switch considerations.

Meanwhile, Lufthansa continued its climb, rising DM3.20 to DM151.50 after its management board chairman, Mr Jürgen Weber, said that the airline would resume paying a dividend by 1995 at the latest.

ZURICH went higher following bearish James Capel notes on both fundamental and technical grounds, the SMI index rising 17.9 to 2,478.9.

Dealers said that profit-taking was always likely and that international investors could shift funds into more promising markets like Germany.

However, the market was drawn higher by Nestlé, up SFr19 at SFr1,099, and Roche, with the certificates SFr90 higher at SFr5,120.

AMSTERDAM closed unchanged in spite of some convincing gains by leading multinational groups such as Unilever, up Fl 2.90 at Fl 193.40, and Royal Dutch, up Fl 1.10 to Fl 187.40. The CBS Tendency index finished at 127.9.

Among second liners, Frans Maas, the road transport group, shed Fl 7.30 to Fl 49.00 on news over the weekend that it is now forecasting lower than expected results this year.

KLM, which has a stake in the group, came off 50 cents to Fl 36.70. Among other stocks in the transport sector, Nedlloyd lost 80 cents to Fl 47.30 ahead of results due later this month.

MILAN saw a heavy reverse in Ferruzzi ordinary shares after Friday's 20 per cent gain, closing down L86.20 at L242.00. Analysts remarked that dealing in the stock was now driven by the speculative activity of small investors and, as such, liable to sudden swings.

On the last day of the account, the Comit index rose 4.07 to 593.04. Montedison rose again on last week's results, by L34 to L772.50. Yesterday a court said that it had postponed until the end of the month a decision on whether to allow a request by the company for the seizure of L500bn of assets from ex-managers.

In Scandinavia, STOCKHOLM's Affärsvärlden general index eased on profit-taking, down 8.3 at 1,285.0 with Ericsson B shares losing SKr6 to SKr372 ahead of Thursday's half year results.

OSLO, in similar vein, saw the all-share index off 4.14 at 586.94 in turnover of NKr606m.

HELSINKI closed lower also on the profit-taking theme, the HEX index down 13.4 to 1,427.9, with the banking sector off some 5 per cent.

VIENNA traders said that the expiry of August derivatives added uncertainty to a market in correction as the ATX index eased 11.01 to 989.63. The August ATX future eased 15 to 986.

ISTANBUL gained 4.7 per cent and broke above 10,000 for first time since August 3. The composite index put on 458.51 to 10,199.7, following a rise of 2 per cent on Friday.

Some market observers said that the recently positive tone might be due to the expectation of fresh liquidity following the maturity of Treasury bills early next month.

WARSAW saw as 12 shares hit record highs, the bourse posting its second highest ever turnover of 619.5bn zloty ($34m) as the WIG index gained 240.8, or 4.6 per cent to 5,492.4.

FT-SE Actuaries Share Indices — THE EUROPEAN SERIES

August 16 (Partial)

Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1278.87	1278.14	1276.81	1275.98	1276.14	1277.04	1275.70	1276.32
FT-SE Eurotrack 200	1359.33	1359.91	1358.42	1357.15	1361.15	1359.02	1358.62	1359.35

	Aug 13	Aug 12	Aug 11	Aug 10	Aug 9
FT-SE Eurotrack 100	1276.24	1280.84	1274.70	1261.80	1269.85
FT-SE Eurotrack 200	1354.67	1359.88	1354.98	1348.51	1352.97

Base value 1000 (26/10/90) High/day: 100 - 1278.88; 200 - 1361.30 Low/day: 100 - 1274.81 200 - 1356.78

ASIA PACIFIC

Seoul rebounds as Pacific Rim sees more new highs

Tokyo

WORRIES over last week's announcement of mounting Cosmo Securities debts, due to irregular transactions, had much less of an impact on Japanese equities in the broader Tokyo market yesterday than they did in London last Friday, *writes Emiko Terazono in Tokyo.*

In fact, the 225-issue Nikkei average ignored Friday's after-hours' fall of nearly 1 per cent in the ISE/Nikkei 50 index in London; hopes of an imminent cut in the official discount rate prompted arbitrage-linked buying and the Nikkei gained 156.32 at 20,901.49.

The Nikkei registered a day's low of 20,548.85 just after the opening, but selling ran its course during the morning session. A rise in the futures market on the Singapore International Monetary Exchange triggered arbitrage buying, pushing the index forward to register a day's high of 20,904.69 in the late afternoon.

Volume contracted to 230m shares from 482m. Aside from arbitrageurs, investment trusts and dealers were seen buying in small lots. Advances outnumbered declines by 550 to 396, with 209 issues unchanged. The Topix index of all first section stocks finished 4.96 ahead at a 1993 peak of 1,688.04, and London's ISE/Nikkei 50 index improved 1.83 to 1,286.26.

Investors were calm over the revelations of Cosmo Securities' losses of Y69.8bn resulting from its involvement in *tobashi*, the shuffling of investors' accounts in order to hide unrealised losses. Daiwa Bank said last Friday that it will rescue Cosmo by injecting Y70bn to Y80bn through a third party share allotment.

The yen's rise to a further record high worried some investors as the dollar closed Y1.15 down at Y101.25. However, the Bank of Japan's money market operations fuelled speculation of an early discount rate cut. Mr Geoffrey Barker, an economist at Baring Securities, pointed out that five out of six discount rate cuts since 1991 were preceded by generous infusions of funds by the central bank into the money markets.

Brokers were hit by the Cosmo debacle. Nomura Securities slipped Y20 to Y2,200, second tier brokers such as Sanyo Securities lost Y25 to Y720 and New Japan Securities declined Y19 to Y694. Trading in Cosmo Securities was suspended for the day.

The higher yen supported oil refiners. Koa Oil jumped Y109 to Y1,030 and Mitsubishi Oil gained Y10 at Y1,080. However, export-oriented consumer electronics makers lost ground, with Matsushita Electric Industrial easing Y10 to Y1,360 and Sony Y10 to Y4,370.

In Osaka, the OSE average appreciated 27.19 to 22,772.20 in volume of 20.4m shares. Dealer buying supported retail and machinery shares. However, Nintendo, the video game maker, retreated Y190 to Y9,410 on the higher yen.

Roundup

MORE NEW highs were recorded on the Pacific Rim, while South Korean equities rebounded after last week's losses.

SEOUL, which fell 4.5 per cent last Friday and another 3.9 per cent on Saturday after the government ban on trading under false or borrowed names, recovered 25 points, or 3.7 per cent, to 691.67.

Turnover expanded to Won399m from the Won271.3m seen in Saturday's half-day session. There were rumours that the government would announce measures to revive the market. But a Finance Ministry official said later that a meeting of economic ministers to discuss a bail-out would make no announcement yesterday.

HONG KONG's Hang Seng index rose 97.24, or 1.3 per cent, to a new high of 7,489.49, aided by selective buying from overseas. Turnover was HK$4.66bn, up from Friday's HK$4.49bn.

There was more confidence about Chinese economic prospects, and buyers were also encouraged by the strong performance of Stone Electronic, the Hong Kong arm of a collectively owned Chinese company, which ended at HK$2.625 in its trading debut, against its offer price of HK$1.26.

SINGAPORE saw strong gains in selected blue chips as the Straits Times Industrial index climbed 5.02 to a record 1,922.89. Singapore Press local shares rose 50 cents to S$12.60 in volume of 204,000 shares. Total turnover was 115.4m shares, after Friday's 137.5m.

KUALA LUMPUR balanced profit-taking against impressive results from Malayan Banking, up 20 cents at M$14.70. The KLSE composite index closed just 0.85 higher at 772.76.

AUSTRALIA held up well in advance of today's budget, the All Ordinaries index rising 14.8 to 1,870.7 in turnover of A$293.1m on gains in some blue chips and a slight recovery in golds.

News Corp forged ahead 23 cents to A$9.13 and offset a heavy fall in CSR, which lost 36 cents to A$3.82 in early trade on adverse newspaper reports about its US asbestos court case, but recovered slightly to close at A$3.96.

JAKARTA, closed today for Indonesia's Independence Day holiday, featured strong gains by several banks in active trading, speculating on the prospect of good half-year results as the JKSE index ended 2.07 firmer at 382.01.

BII advanced Rp400 to Rp5,000 and Bank Duta Rp325 to Rp3,250, while Bank Danamon, Lippobank and Bank Dagang Nasional Indonesia also strengthened.

BANGKOK saw a sheaf of weak second-quarter corporate earnings reports. Investors sold near the end of the day and the SET index shed 10.33 to 954.29 in Bt6.27bn turnover.

Norway, Finland lead European markets

MARKETS IN PERSPECTIVE

	% change in local currency †				% change sterling †	% change in US $ †
	1 Week	4 Weeks	1 Year	Start of 1993	Start of 1993	Start of 1993
Austria	+1.33	+10.06	+38.88	+25.59	+22.88	+18.45
Belgium	+0.49	+1.24	+26.79	+21.76	+14.74	+10.61
Denmark	+1.97	+5.88	+17.83	+28.62	+18.37	+14.11
Finland	+6.65	+18.22	+136.60	+80.80	+66.26	+60.28
France	+0.30	+8.85	+25.49	+18.50	+12.16	+8.12
Germany	+1.96	+5.09	+23.32	+23.09	+20.90	+16.55
Ireland	+1.79	+6.09	+41.91	+44.16	+25.54	+21.02
Italy	+0.21	+5.92	+68.40	+44.58	+36.11	+31.20
Netherlands	+2.23	+4.71	+26.02	+21.86	+19.35	+15.06
Norway	+8.11	+11.40	+48.10	+37.23	+31.88	+27.13
Spain	+3.67	+9.10	+40.74	+31.83	+10.25	+6.28
Sweden	+2.96	+10.97	+56.60	+29.48	+16.27	+12.09
Switzerland	+1.27	+2.79	+36.51	+20.03	+19.53	+15.22
UK	+1.38	+6.56	+33.75	+7.90	+7.90	+4.02
EUROPE	+1.47	+6.37	+33.12	+17.48	+14.23	+10.12
Australia	+0.81	+2.70	+13.57	+15.57	+18.38	+14.11
Hong Kong	-0.57	+5.00	+21.13	+32.61	+37.34	+32.39
Japan	+1.55	+1.82	+49.30	+27.47	+61.54	+55.72
Malaysia	-0.03	+8.63	+55.90	+35.10	+43.60	+38.44
New Zealand	-2.01	+9.29	+28.39	+23.49	+37.52	+32.57
Singapore	+3.06	+9.26	+41.96	+24.45	+31.62	+26.88
Canada	+1.80	+2.61	+10.35	+12.09	+12.43	+8.38
USA	+0.34	+0.87	+8.12	+3.38	+7.24	+3.38
Mexico	-1.33	+4.15	+18.51	-1.90	+1.93	-1.74
South Africa	-1.82	-3.51	+26.90	+26.44	+35.34	+30.47
WORLD INDEX	+0.98	+2.62	+24.90	+14.42	+23.91	+19.46

† Based on August 13th 1993. Copyright, The Financial Times Limited, Goldman Sachs & Co, and NatWest Securities Limited.

By John Pitt

Scandinavian equity markets showed impressive performances last week, with Norway and Finland in particular standing out.

In spite of losses in Mexico, New Zealand, South Africa and Hong Kong, strength elsewhere left the FT-Actuaries world index up 1 per cent in local currency terms.

Norway and Finland have both been lifted recently by sharp cuts in domestic interest rates: as a result Oslo's all-share index put on 8 per cent over the week and Helsinki's Hex index added 4 per cent.

Mr Peter Tron, senior manager at Unibank Securities in London, said that there was noticeable evidence of foreign liquidity driving the Norwegian market last week, while the strength of the dollar also helped lift sentiment. Finland, he added, witnessed another base rate cut and investors remained confident about the prospect for corporate earnings following the depreciation of the Finnish markka.

In Sweden, results from SKF, which came in better than expectations, helped to restore confidence. A rate cut on Thursday also contributed to the Affärsvärlden index's 3.5 per cent weekly gain.

Denmark, of all the Scandinavian markets, remarked Mr Tron, shows the greatest potential for earnings growth, having so far done little to reduce interest rates since the realignment of the ERM.

He forecast a 20 per cent upside in the market's all-share index by the end of the year, coinciding with a cut in short-term interest rates from the present 12.8 per cent to 4.75 per cent by the middle of 1994.

Among other global equity markets, Mexico pulled back some of its losses earlier in the week on Friday on news that a satisfactory conclusion had been reached in negotiations on side accords to the North American Free Trade Agreement.

New Zealand, still a strong performer over the year to date, suffered from weakness in Telecom shares.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	FRIDAY AUGUST 13 1993								THURSDAY AUGUST 12 1993					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1993 High	1993 Low	Year ago (approx)
Australia (69)	142.78	-0.7	145.04	92.24	126.97	139.84	-0.6	3.59	143.78	145.70	93.75	128.57	140.72	144.63	117.39	131.66
Austria (17)	166.02	+0.7	168.65	107.26	147.64	147.43	+0.0	1.32	164.88	167.09	107.51	147.44	147.47	167.13	131.16	141.21
Belgium (42)	147.36	+0.1	149.69	95.19	131.04	133.01	-0.6	4.31	147.24	149.21	96.00	131.66	133.80	156.76	131.19	141.16
Canada (108)	125.33	-0.1	127.32	80.96	111.45	119.34	+0.3	2.83	125.48	127.16	81.81	112.20	119.03	130.38	111.41	125.48
Denmark (33)	212.39	+0.0	215.75	137.21	188.87	204.30	+0.1	1.11	212.43	215.28	138.51	189.96	204.13	225.64	185.11	228.24
Finland (23)	111.57	+1.5	113.34	72.08	99.22	138.15	+1.6	0.88	109.92	111.39	71.67	98.29	135.99	111.57	65.50	68.27
France (97)	159.13	-0.6	161.65	102.80	141.50	151.15	-0.4	3.06	160.04	162.18	104.34	143.10	151.82	167.36	142.72	156.56
Germany (60)	121.26	+0.7	123.17	78.34	107.83	107.83	+0.2	1.96	120.36	121.97	78.49	107.63	107.63	121.26	101.59	115.49
Hong Kong (55)	293.32	+0.7	297.97	189.49	260.86	292.03	+0.7	3.26	291.25	295.15	189.90	260.45	289.88	301.61	218.82	241.01
Ireland (15)	164.32	+0.2	166.92	106.16	146.13	169.94	-0.1	3.28	163.95	166.15	106.90	146.61	170.18	170.40	129.28	155.79
Italy (70)	71.99	+0.0	73.13	46.50	64.02	87.30	+0.2	1.87	72.00	72.97	46.94	64.38	87.14	72.93	53.78	61.49
Japan (470)	163.55	+0.7	166.14	105.66	145.46	105.66	-0.2	0.78	162.43	164.61	105.91	145.27	105.91	163.55	100.75	89.12
Malaysia (69)	361.96	-0.2	367.68	233.82	321.87	355.82	-0.2	1.92	362.58	367.44	236.41	324.22	356.61	364.55	251.66	232.12
Mexico (19)	1619.21	-1.9	1644.83	1046.05	1439.94	5514.68	-1.7	0.89	1650.71	1672.81	1076.31	1476.10	5609.31	1725.81	1410.30	1381.55
Netherland (24)	174.20	+0.7	176.95	112.53	154.91	153.17	+0.1	3.52	173.06	175.38	112.84	154.76	153.04	174.20	150.39	162.16
New Zealand (13)	56.86	-1.7	57.76	36.74	50.57	54.72	-1.8	4.08	57.85	58.62	37.72	51.73	55.71	57.99	40.56	42.38
Norway (22)	175.07	+1.9	177.84	113.10	155.69	177.44	+1.7	1.49	171.79	174.09	112.01	153.62	174.53	175.07	137.71	155.34
Singapore (38)	270.72	+0.6	275.00	174.89	240.74	200.73	+0.5	1.72	269.17	272.77	175.51	240.69	199.64	270.72	207.04	184.20
South Africa (60)	193.22	-2.5	196.27	124.82	171.82	198.70	-2.2	2.57	198.21	200.86	129.23	177.24	203.18	215.29	144.72	188.47
Spain (43)	123.93	+1.1	125.89	80.06	110.21	133.41	+0.8	4.38	122.55	124.19	79.91	109.59	132.35	132.82	115.23	134.67
Sweden (36)	185.57	-0.1	188.50	119.88	165.03	224.44	+0.0	1.50	185.75	188.24	121.12	166.11	224.39	187.21	149.70	132.84
Switzerland (50)	130.21	+0.3	132.27	84.12	115.81	123.23	+0.2	1.76	129.77	131.51	84.62	116.06	122.97	130.81	108.91	110.31
United Kingdom (218)	179.29	-0.2	182.12	115.81	159.42	182.12	+0.0	3.84	179.68	182.09	117.14	160.66	182.08	181.99	162.00	178.92
USA (520)	184.12	+0.2	187.03	118.95	163.74	184.12	+0.2	2.78	183.72	186.18	119.80	164.30	183.72	186.27	175.38	171.13
Europe (750)	149.77	+0.1	152.14	96.75	133.19	146.67	+0.0	3.05	149.66	151.67	97.58	133.24	146.62	150.60	133.92	144.30
Nordic (114)	174.53	+0.2	177.29	112.75	155.20	186.02	+0.3	1.33	174.10	176.43	113.52	155.69	185.39	174.96	142.13	168.50
Pacific Basin (714)	166.55	+0.6	169.19	107.60	148.12	112.48	-0.2	1.04	165.54	167.75	107.94	148.03	112.71	166.55	105.89	95.56
Euro-Pacific (1464)	159.54	+0.4	162.06	103.06	141.87	126.53	-0.1	1.81	158.90	161.03	103.60	142.08	126.67	159.54	117.26	115.27
North America (628)	180.46	+0.2	183.32	116.60	160.51	179.70	+0.2	2.78	180.10	182.51	117.44	161.08	179.32	182.38	171.51	168.27
Europe Ex. UK (532)	131.05	+0.3	133.12	84.68	116.56	125.94	+0.0	2.52	130.71	132.46	85.24	116.91	125.88	131.05	112.51	123.30
Pacific Ex. Japan (244)	196.85	+0.0	199.96	127.19	175.07	181.59	+0.0	3.05	196.81	199.45	128.35	176.01	181.53	198.92	152.70	159.13
World Ex. US (1651)	159.59	+0.3	162.12	103.11	141.93	128.46	-0.1	1.84	159.08	161.21	103.73	142.25	128.65	159.59	118.51	117.20
World Ex. UK (1953)	165.52	+0.3	168.14	106.94	147.21	142.18	+0.0	2.02	164.97	167.18	107.57	147.54	142.20	165.52	134.22	130.27
World Ex. So. Af. (2111)	166.70	+0.3	169.34	107.70	148.26	145.33	+0.0	2.18	166.18	168.41	108.37	148.62	145.32	166.70	137.29	134.17
World Ex. Japan (1701)	170.64	+0.1	173.34	110.25	151.77	168.07	+0.1	2.87	170.50	172.78	111.18	152.48	167.91	171.18	157.47	159.56
The World Index (2171)	166.76	+0.3	169.40	107.73	148.31	145.60	+0.0	2.19	166.29	168.51	108.43	148.71	145.82	166.76	137.32	134.47

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